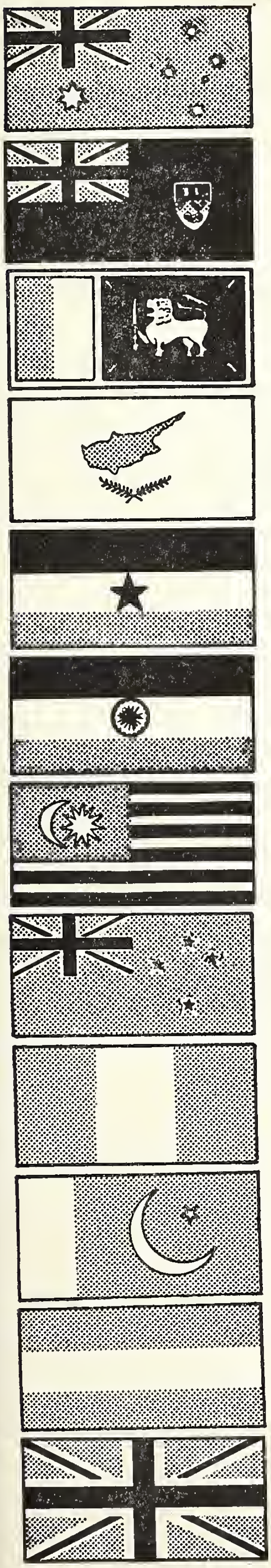


THE NEW BRITISH COMMONWEALTH

Economic and Commercial Policies as Related to Agricultural Production and Trade

Foreign Agricultural Economic Report No. 5

Economic Research Service
UNITED STATES DEPARTMENT OF AGRICULTURE

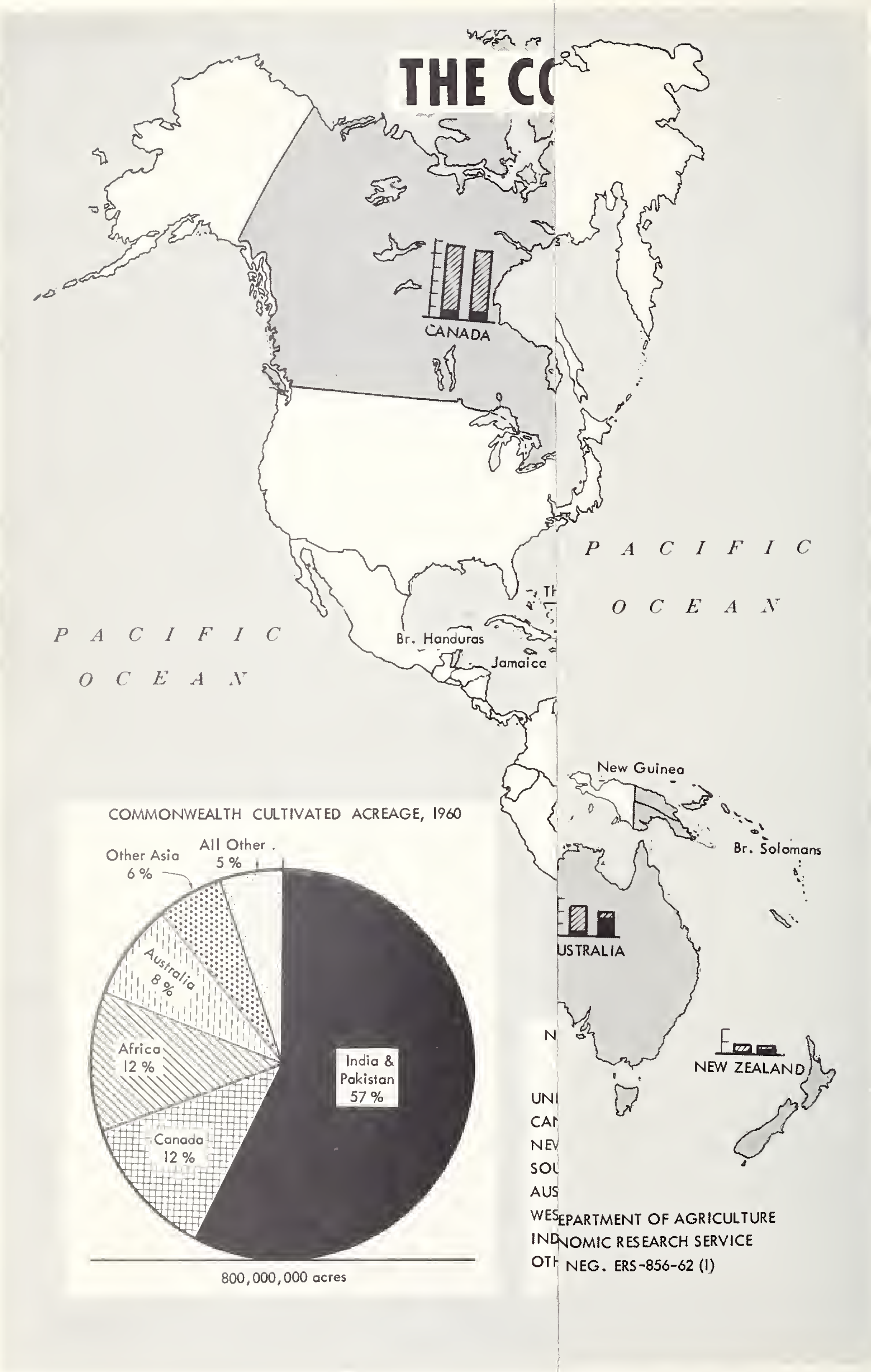
CONTENTS

Flags of Commonwealth members pictured on cover, top to bottom, are those of Australia, Canada, Ceylon, Cyprus, Ghana, India, Federation of Malaya, New Zealand, Nigeria, Pakistan, Sierre Leone, and United Kingdom.

The flags of countries becoming Commonwealth members within the last year are not shown. These countries, with their independence dates, are: Tanganyika, December 9, 1961; Jamaica, August 6, 1962; Trinidad and Tobago, August 31, 1962; and Uganda, October 9, 1962.

5c

October 1962


THE CC
CANADA
PACIFIC OCEAN
PACIFIC OCEAN
Br. Handuras
Jamaica
New Guinea
Br. Solomans
USTRALIA
NEW ZEALAND
COMMONWEALTH CULTIVATED ACREAGE, 1960
All Other 5 %
Other Asia 6 %
Australia 8 %
Africa 12 %
Canada 12 %
India & Pakistan 57 %
800,000,000 acres
UNI
CAN
NEV
SOU
AUS
WES
IND
OTH
EPARTMENT OF AGRICULTURE
NOMIC RESEARCH SERVICE
NEG. ERS-856-62 (1)

THE NEW BRITISH COMMONWEALTH ECONOMIC AND COMMERCIAL POLICIES RELATED TO AGRICULTURAL PRODUCTION AND TRADE

By MONTELL OGDON, *Regional Analysis Division*
Economic Research Service

I. THE CHANGING COMMONWEALTH

The British Empire that was governed so long from London has been superseded by a free association of nations officially known simply as the "Commonwealth." It is composed of the United Kingdom and 15 other member countries, their dependent territories, and several self-governing territories. The members constitute a community of nations having no written constitution or charter and are held together only by historic bonds and mutual self-interest.

Political and Economic Evolution

Today political evolution is taking place within the Commonwealth. The number of self-governing countries and Commonwealth members is being rapidly expanded. Assistance is given the more promising territories in developing responsibility and skill in self-government that lead to their independence. As the former colonies show their capacity for political responsibility, they are granted full independence and, if they wish, full and equal membership in the Commonwealth with the United Kingdom, Canada, and the other older members.

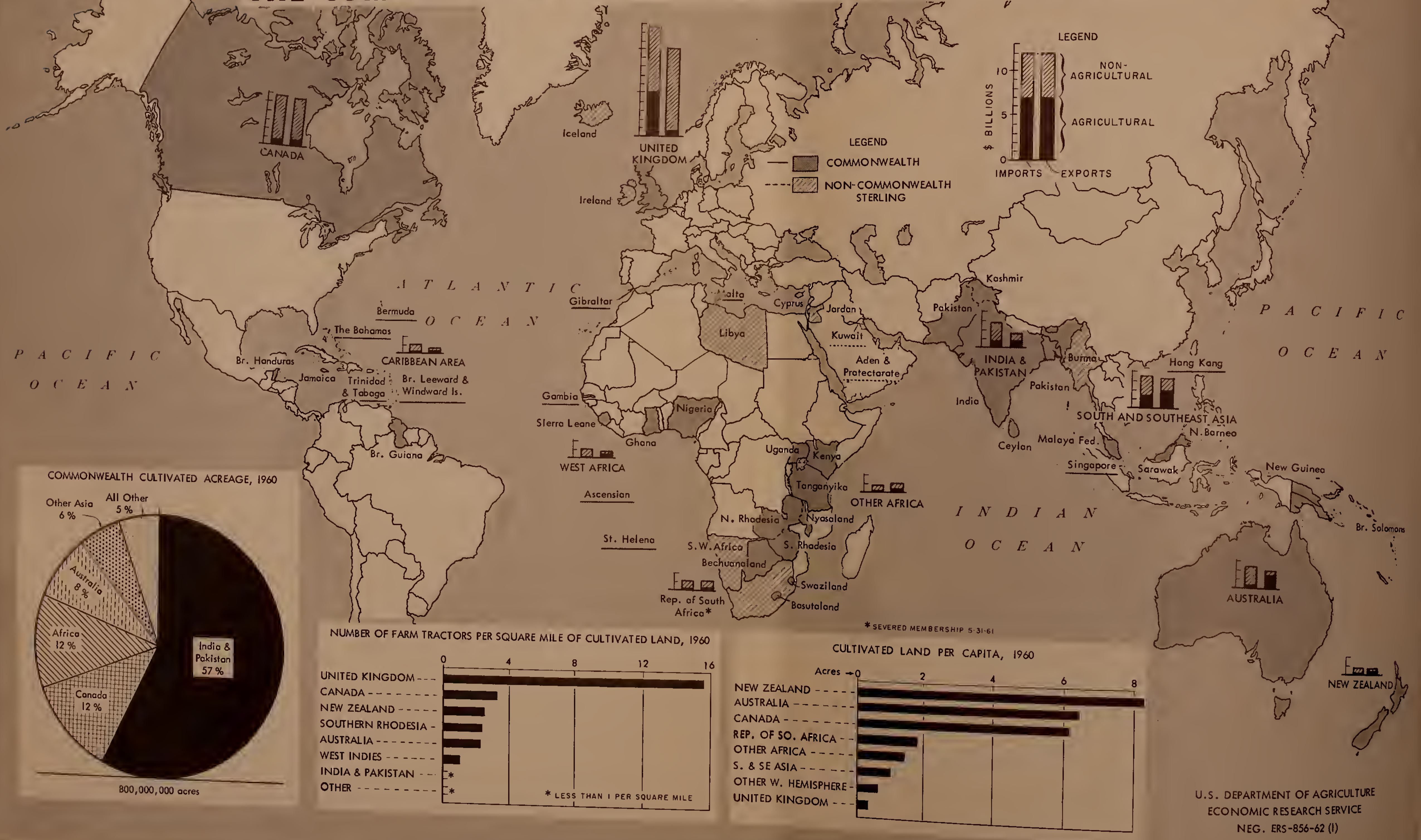
Economic changes are no less striking. Perhaps at no time within the last century have Empire or Commonwealth economic changes had more significance than those that have occurred in the last few years or appear to be in the offing. The economically advanced countries, and many of the underdeveloped ones, have extensive programs for industrial development. Countries once traditional exporters of certain agricultural commodities may now largely consume their total output of those commodities. Both the directional pattern and the commodity composition of Commonwealth trade is changing, as is basic trade policy.

The Commonwealth has 700 million people and an area about 3 times the size of the 50 States of the United States. Members are the United Kingdom, Canada, Australia, New Zealand, India, Pakistan, Ceylon, Ghana, the Federation of Malaya, Nigeria, Cyprus, Sierra Leone, Tanganyika, Jamaica, Trinidad and Tobago, and Uganda. They constitute more than 90 percent of the Commonwealth's population, are self-governing, independent nations, with full membership in the United Nations. Each member, except Canada, belongs to the sterling bloc. As such, they accept sterling in payment for their exports.

The remaining dependent territories within the Commonwealth have about 50 million people and 2 million square miles of territory. They include such farflung and diverse entities as populous Hong Kong and Singapore, sparsely populated Northern Rhodesia in Central Africa, and the Crown Colony of British Honduras on the east coast of Central America. All of the territories belong to the sterling bloc (table 1).

In Asia, six self-governing, independent states have been formed since World War II, of which five remained in the Commonwealth as members—India, Pakistan, Ceylon, the Federation of Malaya, and Cyprus. Singapore has become a self-governing state within the Commonwealth. Burma, part of India from 1885 to 1937, became an independent member of the Commonwealth in 1937 and terminated that membership on January 4, 1948. While choosing not to remain within the Commonwealth, Burma has retained economic relations with member countries, particularly India.

THE COMMONWEALTH AND STERLING AREA COUNTRIES



U.S. DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE
NEG. ERS-856-62 (1)

TABLE 1.—*The Commonwealth and associated countries: Area and population*

Country or territory	Area	Population [1]	Population per square mile
Member countries			
	Square miles	*Thousands*	*Persons*
United Kingdom of Great Britain and Northern Ireland	94,209	52,383	556
Canada (land only)	3,549,960	17,814	5
Australia [2]	2,974,581	[3] 10,275	3
New Zealand [2]	103,736	2,372	23
India	1,267,000	432,567	341
Pakistan	365,000	92,727	254
Ceylon	25,332	[4] 9,625	380
Ghana	91,843	6,691	73
Federation of Malaya	50,690	6,909	136
Federation of Nigeria	339,169	35,091	103
Cyprus	3,572	563	158
Sierra Leone	27,925	[4] 2,400	86
Tanganyika	362,688	9,239	25
Jamaica	4,411	1,668	378
Trinidad and Tobago	1,980	817	413
Uganda	93,981	6,682	71
Associated countries [5]			
Burma	261,789	20,662	79
Republic of Ireland	26,599	2,834	107
Republic of South Africa	472,685	15,841	34
Southwest Africa	317,887	572	2
Western Samoa	1,133	107	94
Territories			
Mediterranean:			
Gibraltar	2¼	[6] 25.7	11,422
Malta	122	[7] 328	2,689
Western Hemisphere:			
The British West Indies:			
Barbados	166	238	1,434
Leeward Islands:			
Antigua	171	58.3	341
Montserrat	32	14.6	456
St. Christopher-Nevis-Anguilla	136	59.1	435
Windward Islands:			
Dominica	305	66	216
Grenada	133	92.2	693
St. Lucia	238	92.9	390
St. Vincent	150	82.6	551
Cayman Islands	100	[7] 8.8	88
Turks and Caicos Islands	166	[7] 6.0	36
British Guiana	83,000	549	7
Territories—Con.			
Western Hemisphere—Con.	*Square miles*	*Thousands*	*Persons*
British Honduras	8,866	[7] 90.4	10
British Virgin Islands	59	[7] 7.3	124
Atlantic Ocean:			
Bahamas	4,404	103	23
Bermuda	21	[6] 43.7	2,081
Falkland Islands [8]	4,618	2.2	.5
St. Helena [8]	47	4.7	100
Ascension	34	.3	9
Tristan da Cunha	38	[9] .3	8
West Africa: Gambia	4,003	301	75
East and Central Africa:			
Kenya	224,960	[7] 6,551	29
Federation of Rhodesia and Nyasaland:			
Southern Rhodesia	150,000	[7] 3,070	20
Northern Rhodesia	288,130	[7] 2,430	8
Nyasaland	49,177	[7] 2,830	58
Zanzibar	1,020	[7] 307	301
South Africa:			
Basutoland	11,716	[7] 685	58
Bechuanaland	275,000	337	1
Swaziland	6,705	[7] 259	39
Far East:			
The State of Singapore	225	1,582	7,031
North Borneo	29,388	[7] 429	15
Sarawak	47,500	[7] 744	16
Brunei	2,226	83	37
Hong Kong	391	[7] 2,981	7,624
Western Pacific:			
Fiji	7,055	381	54
British Solomon Islands	11,500	124	11
Gilbert and Ellice Islands	369	44.5	121
New Hebrides	5,700	[7] 60.0	11
Pitcairn Island	2	.14	70
Tonga	269	61.0	227
Cook Islands (New Zealand)	90	[10] 18.0	200
Niue Island (New Zealand)	100	4.8	48
Tokelau Islands (New Zealand)	4	1.8	450
Papua (Australian)	91,000	480	5
New Guinea (Australian Trust Territory)	93,000	1,376	15
Cocos (Keeling) Islands (Australian)	5	[11] .7	140

See footnotes at end of table.

TABLE 1.—*The Commonwealth and associated countries: Area and population*—Continued

Country or territory	Area	Population [1]	Population per square mile
Territories—Con.			
Western Pacific—Con.			
Nauru (Australian Trust Territory)	*Square miles* 8	*Thousands* 4.0	*Persons* 500
Norfolk Island (Australian)	13	2.0	154

Country or territory	Area	Population [1]	Population per square mile
Territories			
Indian Ocean:			
Aden Colony	*Square miles* 80	*Thousands* [12] 152	*Persons* 1,900
Aden Protectorate	111,000	650	6
Mauritius	809	[7] 640	791
Seychelles	156	43.2	277

[1] Midyear estimates. Those of member and associated countries are for 1960, and other countries and territories are for 1959, unless otherwise indicated by footnote.
[2] Excluding island territories.
[3] Excluding full-blooded aborigines, estimated at 39,319 in 1954.
[4] 1959.
[5] These are countries that have severed their political affiliation with the Commonwealth, but still retain their status as sterling area countries and maintain preferential trade arrangements and other special trade relations with certain Commonwealth members.
Certain sterling area territories, such as the oil-rich principality of Kuwait, the Bahrein Islands, Qatar and the sheikdoms of Oman in the Persian Gulf area, are granted preferential tariff treatment by the United Kingdom, but they do not give it to Commonwealth countries.
Sterling area, non-Commonwealth countries, never having been in the Commonwealth, and not maintaining preferential tariff relations with Commonwealth countries are: Iceland, the Hashemite Kingdom of Jordan, and Libya.
Palestine was a League of Nations Mandate under the United Kingdom until May 15, 1948, when the mandate was terminated. Israel succeeded to most of Palestine territory, becoming an independent republic, outside the Commonwealth, Oct. 1, 1948.
[6] Civil population only.
[7] 1960.
[8] Excluding dependencies.
[9] 1958.
[10] Estimated Dec. 31, 1959.
[11] 1956.
[12] Estimate based on natural increase.
Official Commonwealth and United Nations sources.

In Africa, five territories have become Commonwealth members and three countries have left the Commonwealth within the last few years. Ghana gained independence in 1957 and a place among the Commonwealth members. Nigeria, the most populous country in Africa, obtained complete independence on October 1, 1960, and has since been admitted to Commonwealth membership. Sierra Leone, after completion of the necessary processes, became independent on April 27, 1961, and a Commonwealth member. Tanganyika became independent on December 9, 1961, and Uganda on October 9, 1962.

The Sudan, previously under Anglo-Egyptian condominium, obtained independence in 1956. British Somaliland, which became independent in 1960, joined with the United Nations Trustee Territory of former Italian Somaliland in the same year to form the new United Somali Republic. The Union of South Africa withdrew from the Commonwealth when it became a republic on May 31, 1961. However, the Republic of South Africa remains a member of the sterling bloc and retains other trade ties with Commonwealth countries, particularly the older members.

Ireland, after obtaining full independence within the Commonwealth, severed its last titular ties with the United Kingdom and the Commonwealth on April 18, 1949. Retaining close economic ties with the Commonwealth, especially with Great Britain, Ireland subsequently developed the most advantageous trade it has had with the United Kingdom in recent history.

Several regional associations have been formed within the Commonwealth, composed of newly emerging nations. The oldest and most populous of these is the British East African grouping of Kenya, Tanganyika, and Uganda, having a population of 23 million. Second is the Federation of Rhodesia and Nyasaland in south-central Africa with a population of 8 million. Third is the Federation of Malaya in Southeast Asia, a nation of 7 million. In the British West Indies efforts are being made to establish a federation. The countries making up these associations which have serious unsolved economic problems tend to promote trade within their respective groupings and to discourage imports from the outside, except for essential foodstuffs not produced inside the association, and products needed in economic development.

Ties Uniting Commonwealth Members

Characterizing the Commonwealth members and territories are strongly held beliefs in individual rights in relation to the state, the right of each member to govern itself and to shape its own economic development.

Among its other functions, the Commonwealth serves as a framework for development of useful associations in all fields of human interest. Included in the list of Commonwealth-wide associations are many scientific and trade groups. Association congresses are held, composed of hundreds of delegates from the specialized constituent organizations in Commonwealth countries. While these, of course, have the traditional presentation of technical papers, they are more than ordinary conferences. The agenda is organized with a view to achieving a thorough discussion and understanding of the Commonwealth problems covered by the congress. Meetings staggered among member countries are made the occasion for field trips, for dissecting problems of the host country, or for finding a solution to a practical problem in some area of agriculture, engineering, or commerce.

The three principal Commonwealth meetings attended by government representatives of the 16 member nations are those of the Prime Ministers, the Ministers of Finance, and the Ministers of Trade or Commerce. As with other high-level international conferences, these are preceded by preparatory or preliminary meetings of ranking subordinate officials. In several instances, interim working-level committees have been assigned a thorny trade problem and given terms of reference within which to seek a mutually acceptable solution. Out of such working groups came the complex of bilateral Ottawa Agreements of 1932 rejuvenating "Imperial Preference," and the Colombo Plan of 1950 for aiding the economic growth of underdeveloped countries in South and Southeast Asia.

Commonwealth members have developed a network of commercial treaties and agreements giving each other trade privileges more favorable than those accorded foreign nations, such as the United States, Brazil, and Japan. They also consult as the occasion requires to ascertain membership interest with respect to trade and other economic matters.

Recognizing the important role that *ad hoc* or interim committees had previously served in solving difficult economic and trade problems, Commonwealth members agreed at the Commonwealth Trade and Economic Conference held in Montreal, Canada, September 15–26, 1958, to coordinate existing economic consultative machinery under the name of the Commonwealth Economic Consultative Council. The newly created council immediately undertook the study of important problems, including the relationship of the Commonwealth to Western Europe and Commonwealth assistance to member countries and territories in Africa.

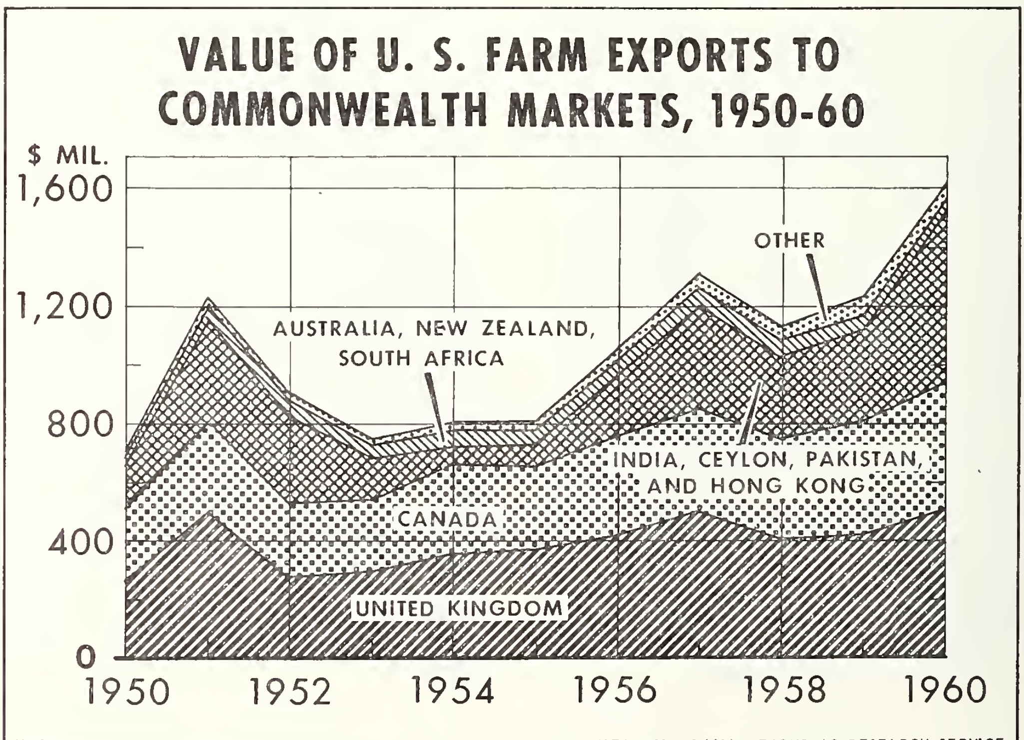


Figure 1

Ties With United States

Agriculture in the United States and other countries is vitally affected by Commonwealth economic and commercial policy. Because of their political kinship and economic interdependence, the people of the United States are interested in the well-being of the Commonwealth. Great Britain is now, and has always been, a major outlet for U.S. agricultural exports (fig. 1). Canada and India, in particular, among other Commonwealth countries, have also developed into major outlets. For years the United States has been an important market for British manufactures, and other Commonwealth products.

Within the last 5 years, U.S. agricultural exports to the Commonwealth have been valued at more than $1 billion annually; in 1960, they amounted to $1.6 billion, or 34 percent of total U.S. agricultural exports (table 2).

In succeeding pages, the evolution of the Commonwealth's economic policy is examined first, followed by brief statements on the more articulated aspects of Commonwealth commercial policy, agricultural policy, and, finally, commodity trends and prospects.

TABLE 2.—*Percent of total U.S. agricultural exports to Commonwealth countries in different periods*

Destination	1935–39	1946–49	1951–54	1956–59	1960 [1]
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
United Kingdom	33	12	11	11	11
Canada	9	6	8	9	9
South Asia	1	3	6	6	11
Other Commonwealth	3	2	3	4	3
Total	46	23	28	29	34

[1] Preliminary.

Bureau of the Census.

II. Evolution of Policies Affecting Agricultural Trade

Sir Dudley North, the experienced English international trader and economist, in the year 1691 laid down a formula for British prosperity:

> In process of time if the people apply themselves industriously, they will not only be supplied, but advance to a great overplus of Foreign Goods, which improv'd will enlarge their Trade. Thus the *English* Nation will sell unto the French, Spaniards, Turk, &c. not only the product of their own Country, as Cloath, Tin, Lead, &c. but also what they purchase of others, as Sugar, Pepper, Callicoes, &c. still buying where Goods are produc'd, and cheap, and transporting them to places where they are wanted, making great advantage thereby.

The author of this statement, like many Englishmen of succeeding generations, was cognizant that trade and industry were basic ingredients of British life. Great Britain, of course, depends upon imports for a large part of the raw materials used in its industries and upon exports for an important part of its national income. Since the 17th century, it has been the world's leading importer of food and raw materials and, during most of this time, the world's leading exporter of manufactured products. This has had a tremendous impact on other nations.

Running through British Empire and Commonwealth commercial policy and practice has been the theme that international trade is an appropriate function of private enterprise and initiative. However, commerce has never been entirely disassociated from governmental policy in the national interest. Sometimes the national interest, as evidenced by blockades, embargoes, or taxation, has been a dominant factor.

A respect for human rights has developed along with the institution of private enterprise. Witness to this is a long list of public acts beginning with the Magna Charta (1215), and a succession of bills of rights enacted by the British Parliament and parliaments of Commonwealth countries throughout the world, the latest of which was the Canadian Bill of Rights enacted in 1960. This regard for human dignity has been reflected increasingly in British public opinion on such matters as the movement to prohibit slave trade, the oversea missionary movement, and, within the present century, development of the feeling that the British Government is responsible for raising the living standards of people in British dependent territories and preparing them for self-government.

Over the years there has been a constantly shifting concept of the moral role which Great Britain, the British Empire, and now the Commonwealth should play in world affairs. Regardless of changing concepts, private initiative has never ceased to be a patent part of domestic life in British nations. And foreign trade has never failed to return, after suffering reverses, to play a revitalized role in the British economy.

British Oversea Investment

During the 19th century, particularly in the latter half, foreign economic development became an increasingly important concomitant of British trade and shipping. Though the capital resources and banking services of France, Switzerland,

Sweden, and other countries were frequently used, those in London were the most readily available for production and extractive enterprises.

Englishmen helped to develop mines in all parts of the world and to build railroads on the continent of Europe and in the United States, Canada, Argentina, and Australia. They invested widely in the latter half of the 19th century and early 20th century in agricultural development, including such production enterprises as tea, rubber, and sugar plantations, cattle and sheep ranching, and cotton growing. They were more active in processing than in producing primary agricultural products, since they acquired farm products from other producers as well as their own company estates. Among the many processing installations they built abroad were sugar refineries, rubber processing factories, cotton gins and compresses, cottonseed and other vegetable oil mills, meatpacking plants, and textile mills.

Whether or not the Union Jack flew over the region to be developed made little difference to British investors. However, they preferred direct investment schemes that offered favorable prospects for low-cost production of raw materials or food products that could be marketed in the United Kingdom or other West European countries. The necessary connections between production, internal and ocean transportation, and disposal of produce also tended to generate capital formation in British territories. From 1860, when Cobden of Great Britain and Chevalier of France concluded the most-favored-nation commercial treaty bearing their names until the outbreak of World War I in 1914, British capital enjoyed maximum freedom of movement and opportunity for overseas employment in economic development.

Freedom to invest, import, process, and export were among the conditions that stimulated British trade. This freedom prompted British manufacturers to embark upon bold and imaginative trading and production operations. Under these conditions Lever Brothers, prior to World War I, entered British West Africa and the Belgian Congo to develop their own supplies of palm oil and palm kernels at prices that would make their existing soap and other businesses more profitable. Similar purposes and circumstances prompted Manchester textile interests, sometimes with government support, to establish corporations for developing cotton production and related activities in both British and foreign territories.

War and Interwar Control

The beginning of World War I in the late summer of 1914 was also the beginning of a long period of restrictions on capital movements and international trade that was to last until the 1950's. These restrictions offered little incentive to new ventures and placed a premium on security.

In the interest of national defense, the British Government and the governments in the dominions and colonies took measure after measure, which, before the war ended in 1918, amounted to extensive state control over inventories, trade, prices, and the pattern of capital formation.

Before World War I was concluded, British leaders, in meetings among allied and Empire nations, indicated their intention not to return British enterprise to free and open competition in world trade. The feeling grew that Britain should first look after home needs, rebuild old and start new industries, guarantee the home market for home producers, and obtain commitments from Britain's leading regular suppliers for guaranteed access of British manufactures in their markets in return for access of their products in Britain.

The long-term effects on capital formation caused by economic vagaries in the interwar period cannot be adequately described here, but it should not be overlooked that the urge for security strongly influenced economic and social trends. This was seen in the pattern of government expenditure as well as in the control over the movement of private capital. Subsidy provisions to assist needy producers became routine in U.K. budgets. For several industries these subsidies were complemented by protective tariffs, and in the case of agriculture by duties and import quotas. Moreover, public health, housing, and full employment became major governmental responsibilities.

In Commonwealth areas, producers sought to raise prices by controlling the supply moving to market and sometimes obtained government subsidies to raise their incomes. In both rural and urban parts of the self-governing countries, social welfare programs of varying types were instituted.

Factors influencing home policies also had an impact on Britain's relations with other parts of the Empire. Parliament passed the Colonial Development Act of 1929 which provided about $5 million a year for schemes "to aid and develop agriculture and industry in the Colonial Territories, and thereby to promote commerce with, or industry in, the United Kingdom." The British Government, in cooperation with private groups in Britain, worked with dominion and colonial governments to promote projects for production of cotton, sugar, and tobacco for the British market. It entered into agreements giving incentives to Commonwealth production in the form of preferential tariffs and assured markets. In 1932, the system of tariff preferences was extended by the dominions to each other, to Great Britain, and to most British dependent territories.

The British Government had no overall colonial welfare program until after World War I,

though aid to institutions in the field of health and education was rendered by missionary societies, English universities, and scientific associations. By grants-in-aid, through the Colonial Office or other regular channels, help was rendered local authorities in a wide variety of social services and in construction of such needed improvements as hospitals, harbors, powerplants, bridges, and sanitary sewers.

During the interwar period, colonial social needs and low standards of living became increasingly the subject of governmental concern and action. Medical departments, the Governors-in-Council, or other authorities in 20 or more colonies investigated health and nutritional problems. Attention was given particularly to methods of coping with such nutritional deficiency diseases as beriberi and yaws. Both scientific research and application of medical science were carried on, for example, in the Malay Peninsula and in various parts of Africa.

In 1939, lunches or milk were provided for schoolchildren in at least a half dozen territories, including Barbados, Jamaica, Ceylon, Sierra Leone, and Zanzibar.

Nutritionists and others in the Empire were in the forefront of the League of Nations nutrition-economics movement. The Medical Research Council in London, members of cabinets in successive British Governments, and medical advisers to Government departments strongly supported the movement to improve health and nutrition in the colonies. To obtain funds for this purpose, many different sources were tapped, including the Colonial Development Fund.

World War II and Postwar Control

Economic controls governing London's relations with Commonwealth members and colonies during the interwar period were intensified immediately in September 1939 when World War II began. They needed no intrinsic change to meet the terrible test of an all-out attack by the enemy on the nerve center of the Commonwealth. Controls over fiscal affairs, including the movement of private funds, were reinforced. Subsidies, bilateralism, and other incentives to production or control of production were used to integrate the Commonwealth's agriculture, as necessary, into the war economy.

Sterling Area

When war regulations went into effect, all Commonwealth countries except Canada pooled their gold, dollar exchange, and most other foreign exchange holdings. They became officially known as the sterling area. All foreign assets of sterling area residents were brought under government control, and many assets were liquidated to pay for military purchases by the United Kingdom. In the interwar period, when the United Kingdom went off the gold standard, all British countries except Canada and Newfoundland had undertaken to adjust the value of their currencies in accordance with the changes in the value of sterling and to restrict the transfer of gold and credits between themselves and the rest of the world. After 1939, drawings on dollar accounts were strictly limited to essential wartime needs, but trade among members within the sterling area was allowed to continue in sterling with much less interference.

All wartime earnings of foreign exchange were also surrendered to the pool in exchange for sterling. Credits were accumulated by sterling countries and by certain other countries willing to accept sterling for materials or services they supplied Britain in the war effort. Since the holders could not transfer them outside the sterling area, they became known as the "blocked sterling accounts," or officially as the *sterling balances*. These balances mounted rapidly in the latter years of the war, particularly as a result of British expenditures in South Asia; by June 1945, they had reached a value equivalent of about $11 billion held by sterling Commonwealth countries and $2¼ billion held by other countries.

Purchase Contracts

Annual and long-term contracts were negotiated by the Ministry of Food or other British supply ministries after the declaration of war in 1939 with suppliers in the dominions, territories, and foreign countries. Commodities were purchased primarily for four purposes: (1) military use by Great Britain, other Commonwealth countries, or the United States; (2) to preclude their being used by the enemy; (3) to control prices; and (4) to help producers and bolster the economy of colonial countries.

Rubber, minerals, and many foodstuffs such as fats and oils were bought under long-term contracts, and a pipeline of supplies kept moving through government channels from supplying countries to the United Kingdom. Distance, shipping shortages, and the perishable nature of some products made delivery uncertain and called for improvised programs. Midyear 1941, the following purchase programs were operating for sugar, sisal, cotton, cocoa, citrus, and bananas:

SUGAR.—The whole exportable crop of the West Indies, Mauritius, and East Africa was bought for shipment to the United Kingdom or Canada. It was not possible, however, to ship any substantial part of the Fiji crop to the United Kingdom, and special arrangements were made to deal with the surplus that could not be shipped to western Canada. These arrangements involved the purchase for storage of some 30,000 to 40,000 tons—the maximum for which storage could be provided in Fiji—and additional payments to sugar factories to enable them to purchase at the standard price all sugarcane grown by farmers, regardless of whether all the cane could be con-

verted into sugar. The gross cost of these arrangements was between $2.5 million and $3 million.

SISAL.—The British Government undertook to purchase the whole British East African output (on a restricted basis) of 100,000 tons of sisal in the year commencing November 1, 1940, at an average price of $76, f.o.r. East African port. The greater part of this was needed for the United Kingdom's own supply requirements, and the remainder was sold as convenient elsewhere or stored in East Africa for postwar use.

COTTON.—No considerable difficulty was experienced in disposing of colonial cotton production, but certain purchases by or on behalf of the British Government were made in Tanganyika. In such other dependencies as Nyasaland, local governments were authorized to guarantee the purchase of the balance of the crop above that sold through commercial channels.

COCOA.—The entire West African cocoa crop for 1939–40 and 1940–41 was bought by the British Government at fixed prices. Marketing of the crop was placed in the hands of a specially constituted West African Cocoa Control Board. The Board sold the greater part of the 1940–41 crop in the United Kingdom, the United States, and other markets still remaining open.

CITRUS FRUIT.—Palestine could not ship any of its 1940–41 citrus crop to its normal markets and the bulk of it was unsalable although every effort was made to increase local and neighboring markets. To enable growers to carry on, the Palestine Government, with the approval of the British Government, guaranteed advances to be made through the banks against the 1941–42 crop up to an amount not execeeding $2 million. Other advances, totaling $4 million, were made to assist the development of other forms of agricultural production.

The much smaller Cyprus orange crop was dealt with on similar lines, advances being made to the growers by the Cyprus Government to the estimated amount of $66,000.

BANANAS.—On suspension of banana imports into the United Kingdom, arrangements were made for marketing the whole Jamaican crop through a common pool. The British Government guaranteed, through the Government of Jamaica, a return of 60 cents per count bunch to the grower up to 12 million stems in 1940–41. The potential liability so assumed was about $6 million, but due to vigorous local efforts to increase local utilization and exports to the United States and Canada, the cost did not much exceed $2 million.

The difficulties of the banana plantations in the Cameroons under British mandate were met by temporary grants by the British Government for the relief of unemployed personnel pending absorption of laborers in other activities.

Year by year, the United Kingdom negotiated with its dependent territories for the supplies necessary in the war effort and those for essential civilian needs in the various parts of the Empire that had serious supply problems. The United Kingdom tended to enter into agreements of longer and longer duration with a view to assuring sufficient supplies, keeping prices from soaring, and helping territories whose economies were dislocated by the war or already in difficulty. Usually there was provision for annual review of prices, but in some instances prices were guaranteed for a longer period.

The 5-year banana contract with Jamaica provided that prices be reviewed annually. Coffee was purchased from British East Africa, the Belgian Congo, and Jamaica on a 5-year basis with the price fixed for the duration of the contract. Coffee was bought from British East Africa at a price within a fixed range related to the New York price of Colombian coffee. Vegetable oilseeds and oil were bought from Sierra Leone, the Gambia, and the Gold Coast on 3-year contracts with prices reviewed annually; those bought from Nigeria were for the same period with prices fixed for the duration of the contract. Oilseeds and oil bought from Asian and Pacific areas were for periods of 2 to 8 years, with provision for annual price review.

Special consideration was given to the West Indies which had for several years prior to the war sought to develop a citrus industry to provide a cash crop for small producers. In 1929, a Citrus Fruit Marketing Act was passed in Jamaica allowing a producers' association to control export marketing. The Jamaican Citrus Growers Association is the marketing authority under the act and also operates the second largest citrus-processing plant on the island of Jamaica.

During the war, the Ministry of Food bought concentrated orange juice from Jamaica and British Honduras and instituted cod liver oil and milk programs to supply Britain's children with needed nutrients. These programs were kept up after the war. In 1950, the Ministry of Food concluded a 10-year orange concentrate contract with Jamaica and British Honduras at guaranteed prices that stimulated orange grove plantings.

In matters concerning long-term contracts, the English-speaking dominions showed considerable deference, albeit sometimes with stiff criticism, to British policies during the war years.

The dominions showed increasing responsibility in handling their domestic problems and foreign relations. Nevertheless, the food supply situation was such that dominions as well as colonies could sometimes profit by using the procurement services of Britain's Ministry of Food. Early in the war, the United Kingdom assumed responsibility for purchasing sugar surpluses of Empire countries, and of making the sugar available to Canada, New Zealand, Ceylon, and Malaya.

Contracts made by the Ministry of Food for sugar supplies of Empire sugar-producing countries continued until 1952. Under these contracts, the countries were guaranteed a market for their exportable surpluses. The Commonwealth Sugar Agreement, negotiated in 1952, became the instrument governing sugar distribution by the Ministry of Food; under it price was determined and sugar production developed in oversea Commonwealth territories.

Many commodities became the subject of wartime and postwar contracts between the British Government and the governments in the dominions or foreign countries. These included:

Wool
- Australia
- New Zealand
- Republic of South Africa

Bacon
- Canada
- *Denmark
- *The Netherlands
- *Poland

Carcass Meat
- Argentina
- Australia
- Canada
- New Zealand
- Uruguay

Butter
- Australia
- Canada
- *Denmark
- New Zealand

Cheese
- Australia
- Canada
- *Denmark
- *The Netherlands
- New Zealand

Other dairy products
- Canada
- *Denmark
- New Zealand

Eggs in the shell
- Australia
- Canada
- *Denmark
- Ireland
- *The Netherlands
- *Poland

Processed eggs
- Australia
- *Poland
- Republic of South Africa

Apples
- Australia
- New Zealand
- Republic of South Africa

Other fruit
- Australia
- Brazil
- Palestine
- Spain
- Republic of South Africa

Wheat and flour
- Australia
- Canada

Sugar
- Australia
- Republic of South Africa
- Other Commonwealth

Cotton
- Brazil
- Egypt

Tobacco
- Southern Rhodesia

*Countries with postwar contracts only.

Agreements varied by commodity and country, but certain practices evolved that became more or less standard. Scarce and essential products, for which the United Kingdom could obtain a high priority for shipping space, were purchased on a longer term basis than less essential commodities. Immediately on the outbreak of war the United Kingdom offered to purchase, for the duration of the war plus one clip thereafter, all of the wool clip of Australia, New Zealand, and South Africa. Cut off from its usual European supplies, the United Kingdom also made agreements to take the entire available supply of Australia's and New Zealand's butter and cheese for the duration. As supplies and shipping availabilities became correlated, contracts were made less often for the total supply of a country and more often for specified amounts.

From the first, it was recognized that most agricultural prices at the beginning of the war were, in relation to other prices, below their normal level. Consequently, early price provisions showed a substantial increase over the prewar level. Contracts for more than 1 year usually carried clauses for annual price reviews, at which time prices were frequently raised by small amounts.

Supplying Commonwealth countries adjusted their policies and established the administrative machinery for executing the contractual arrangements. New Zealand used its existing commodity boards to handle purchasing and shipment of products going to Britain. Australia, Canada, and South Africa used their existing boards and added new ones. As countries found it more difficult to control production costs, they installed price ceilings and paid subsidies or bounties to obtain the production necessary to meet the contract provisions.

Serious differences arose after the end of the war when pressure on prices became more and more acute. In an assured market, protected from competition, quality maintenance became difficult. Supplying countries felt that they should obtain a better price than they were receiving under the bulk arrangements. The United Kingdom sought supplies from the liberated countries in Europe and elsewhere, often promising to supply them with scarce raw materials, coal, or manufactured products. By the late 1940's, the United Kingdom had firm 1-year to 7-year commitments with Commonwealth or foreign suppliers covering almost its entire agricultural import requirements. Most agreements were made for 3-year periods, with a specified quantity and price and with provision for annual price renegotiation. The United Kingdom bought foodstuffs also for other deficit countries in the sterling area and for West European countries with which it had negotiated clearing arrangements in sterling.

Most long-term bulk purchase agreements ended between 1950 and 1955. Many expired but some were terminated by mutual agreement. Countries dropped their formal arrangements to supply certain products, often because the United Kingdom could obtain supplies at lower prices elsewhere and would not pay the asking price of the supplier. Price and the United Kingdom's desire to conserve dollar foreign exchange were among the reasons a number of contracts with Canada were terminated.

British purchases of certain products were continued after termination of the formal agreement on much the same terms, but under a "gentleman's agreement" or under agreements between a commodity marketing board and a trade group or association. Some deliveries under contract, such as those of carcass meat from Australia and New Zealand, as well as sugar, citrus, and tobacco, were continued for the purpose of protecting expanding production within the sterling Commonwealth area. These, and even less formal undertakings such as "the gentlemen's wheat agreement between Australia and Britain" whereby millers in the United Kingdom purchase 750,000 long tons of Australian wheat yearly (provided it is available at market prices), are still honored by the appropriate governmental agencies or private trade associations of the countries involved.

Postwar Development in Colonial Territories

Colonial development and welfare legislation was passed by the British Parliament July 17, 1940. Policies and programs which affected economic development in British territories were ex-

panded during the war. On the one hand, it was deemed necessary to utilize the wartime production resources of colonial territories to obtain products needed by the United Kingdom. On the other hand, the feeling developed that the colonies themselves needed help immediately, in the form of emergency aid in areas with lower standards of living, and on a long-term basis, with 5- to 10-year programs that would strengthen their economies in the postwar period.

The 1940 Colonial Development and Welfare Act authorized expenditures up to $20 million annually on welfare work in the colonies. It also provided $2 million annually for research for the period 1941–51 and canceled loans owed by dependent territories to the United Kingdom amounting to $40 million.

The Parliament no longer linked colonial development and welfare appropriations to promotion of Commonwealth trade or industry. The scope of the 1940 act extended to "any purpose likely to promote the development of the resources of any colony and the welfare of its people." Though the sums made available by Parliament were usually employed only in part due to wartime difficulties, by 1946, $120 million had been approved by the Colonial Office for specific proposals and $40 million had been spent. A total of four Colonial Development and Welfare Acts were passed providing about $645 million for planned development and welfare for the period 1940–60.

In lesser developed colonial territories contributions from the Colonial Development and Welfare funds provided nearly all the public finance available for basic social and economic services and for research and demonstration work in agriculture. In such moderately developed countries as Nigeria, Tanganyika, and Jamaica, these funds constituted about one-third of the available finance. In the territories having more adequate revenue available from domestic sources, the Colonial Development and Welfare funds formed only a small part of the total welfare expenditure. A large part of these funds were used for health, education, and similar social services.

The Overseas Resources Development Act of 1948 provided for two agencies to promote production: The Colonial Development Corporation and the Overseas Food Corporation. The former was set up to undertake development schemes, either on its own or in partnership with private enterprise. Over a period of years, these schemes could reasonably be expected to pay their own way, but were not attractive to private capital working alone. The CDC was given the major responsibility of investigating, formulating, and carrying out projects for developing resources of colonial territories, with a view to expanding production of foodstuffs and raw materials, or for other agricultural, industrial, or trade development.

Agricultural projects sponsored or aided by this corporation have included egg production and poultry raising, citrus production and processing, rice production, sugar plantations and refineries, cocoa estates, wattle factories, tobacco estates, tung oil estates, cattle ranches, slaughterhouses, fertilizer production, and irrigation canals.

Two of the corporation's most extensive projects are in the native High Commission territories in southern Africa, where economic opportunities are very limited. One project is an irrigated sugar plantation and its sugar factory in Swaziland. In addition to 8,000 acres of sugarcane, this plantation has ricefields, citrus plantings, and 10,000 head of beef cattle. The second project is a ranching operation in Bechuanaland Protectorate. In 1959, it slaughtered nearly 90,000 head of cattle, over 26,000 of which were shipped to oversea markets.

The Overseas Food Corporation (OFC) was given capital of $140 million to undertake production of food for the United Kingdom. It quickly made plans for peanut production projects in Queensland, Australia, and in three British East African territories. In 1948 and 1949, the OFC bought 500,000 acres of land in Queensland, on part of which it began sorghum, cattle, and hog production in 1949. A joint project with the Government of Queensland, the scheme was unsuccessful due to the large financial outlays required, management problems, drought, floods, and killing frosts before the crops were harvested.

In April 1948, the OFC took over the Lever Brothers' United Africa Co. peanut scheme at Kongwa, Tanganyika. The East African Groundnut Scheme, as the Tanganyika project was called, became the corporation's major program. Its goal was to clear land out of forest and bush to produce 800,000 tons of peanuts annually. This required development of 107 plantations of 30,000 acres each, a total of 3 million acres.

From its inception, the Tanganyika program was plagued with a succession of problems. Bringing land into cultivation after trees were felled proved to be a bigger task than had been anticipated. Seed did not germinate properly because of drought or water-soaked soils; some soils became compact and so hard they could not be cultivated, and some were too alkaline for peanut culture. Terraces built to retain the water were destroyed by torrential rainfall within a few hours. Other problems included weeds, rodents, and insects. Though a fairly good yield was sometimes obtained, rats or white ants frequently destroyed a crop before it could be harvested.

After several thousand workers had been recruited and trained, several million dollars invested in buildings and equipment, and an esti-

mated 50,000 acres placed under cultivation, shortfalls in output caused the British Government in 1951 to begin curtailing capital outlay and in 1955 to place the scheme under new management.

Crops cultivated have been diversified. They now include soybeans, peanuts, corn, cashew nuts, simsin, cowpeas, and crops for workers' rations.

The Tanganyika Agricultural Corporation (TAC), to which the OFC project was transferred, was given the responsibility of determining whether activities previously undertaken or new activities could be carried on economically. In his 1959 annual report, the Chairman and Chief General Manager of the TAC said it was premature to forecast whether or not any or all the transferred activities could become viable undertakings.

In the meantime useful experimental work is being pursued. Principal TAC programs are:

Testing of production in several areas in a wide variety of crops.

Operation of an experimental livestock ranch at Kongwa in addition to experimental crop work and resettlement.

Cultivation annually of 10,000 to 15,000 acres at Nachingwea, of which 1,363 acres were cropped by tenants in 1957–58 under a resettlement scheme.

Establishment of tenants as flue-cured tobacco farmers at Urambo.

Gathering of hydrological and topographical data and running of crop tests on irrigated land in connection with a survey of Rufiji Basin as a possible site for a dam and a new agricultural development scheme.

Foreign Exchange Decontrol

Continuation into the 1950's of dollar shortages and the large sterling balances held by sterling area countries kept British firms busy filling orders from these countries, while the exchange controls prevented most sterling area countries from buying in the dollar area. Though the financial agreement between the United States and the United Kingdom of December 6, 1945, had been concluded, among other purposes, to promote development of multilateral trade and to restore trade between the sterling and dollar areas to a nondiscriminatory basis, it proved to be premature in these respects. It sought to relieve pressure on the United Kingdom by facilitating U.K. negotiation of settlements with its sterling creditors. Sterling balances would be divided into the three following categories:

- Balances to be released at once and convertible into any currency for current transactions;
- Balances to be similarly released by installments over a period of years beginning in 1951; and
- Balances to be adjusted as a contribution to the settlement of war and postwar indebtedness and in recognition of the benefits which would accrue from such settlement.

The United Kingdom never obtained a scaling down of the sterling balances as part of the postwar settlement, but it negotiated agreements for their full payment on a gradual basis. The original indebtedness was rather rapidly reduced by this gradual release of balances to pay for capital goods needed by sterling members in their reconstruction and economic development. But the balances were built up again through the growth of export earnings by British colonial territories and the Middle East oil countries associated with the sterling bloc.

It appears that continued pooling of sterling area dollar earnings and the continued effort of the United Kingdom to honor drawings on the sterling balances tended to preclude trade between the sterling countries and other countries by encouraging British exporters to fill sterling orders rather than to develop markets in the United States, Canada, or other nonsterling countries.

As sterling area production rose and exporters gradually developed outside markets, particularly in dollar countries, sterling area dollar and gold holdings improved and pressures developed inside the area for a freer convertibility of sterling into other currencies. Chambers of commerce and economists were among the advocates of such a policy as a general objective. They could not make such an argument very convincing, however, until it could be demonstrated that British gold and dollar reserves could be protected in time of a drain without restoration of import controls.

Conditioning for this contingency was provided by monetary and fiscal policies inaugurated in the United Kingdom in the early 1950's.

After 1951, the Government of the United Kingdom showed an increasing willingness to take stronger appropriate measures, when necessary, to free goods to meet export demands by curbing home demands and restricting inflation. These measures proved successful in helping to maintain confidence in the £ sterling and in rectifying adverse balance of payments trends whenever they occurred. Such monetary measures as those raising the interest rate on nonproductive loans did not yield quick results, but they did much, along with resulting rises in British and other Commonwealth sterling exports, to create confidence in Great Britain's ability to move steadily toward convertibility and relaxation of foreign exchange controls.

The Commonwealth Finance Ministers' Conference held in London in January 1952 declared the intention of Commonwealth countries, working together, to make sterling convertible by progressive steps. In 1953 and 1954, a number of restrictions on imports into the United Kingdom from dollar and nondollar sources were removed, with some

adverse effects on monetary reserves. However, these effects were corrected by action restricting domestic lending and by the expansion of exports.

Public morale in England was also lifted by the relaxation of rationing and the appearance of some dollar products in British markets for the Queen's coronation in June 1953, though many items were not yet allowed entry.

While favorable terms of trade and official management of fiscal affairs helped the United Kingdom to reach the position where import controls could be substantially relaxed in the later 1950's, overall economic conditions in the sterling area did not appear to the U.K. Government to justify a dismantling of the sterling area import control system. British gold and dollar monetary reserves rose steadily though not spectacularly during the period. In March 1960, they amounted to $4 billion compared with $3 billion at the end of 1957. The improvement was very slight, however, in the rest of the sterling area, amounting to only $200 million. At the same time, the exchange rate in sterling countries was exceptionally steady.

During 1957 and much of 1958, a decline in prices of several export products contributed to foreign exchange reverses in sterling countries other than the United Kingdom. Particularly, lower prices for such items as wool outside the sterling area tended to offset the effects of favorable terms of trade which were reflected in the improved foreign exchange earnings of the United Kingdom. Maintenance of the overall balance-of-payments position of the Commonwealth was helped by the relatively high volume of exports and a substantial recovery in raw material export prices in the latter part of 1958 and 1959 (tables 3–a and 3–b). Foreign exchange controls continue to exist, but in a much less discriminatory manner than prior to 1958. In the United Kingdom, the exchange control system operates as follows:

> The control is administered by the Bank of England on behalf of the United Kingdom Treasury. However, much of the authority for approving normal payments is delegated to commercial banks, practically all of which are authorized for this purpose. Import licensing is handled by the Board of Trade, and for this purpose imports currently fall into three groups.
>
> Open General License No. 1 covers specified commodities under two schedules: the first permits certain imports from the dollar area or the Soviet bloc; the other lists goods which require individual licenses when imported from countries outside the dollar or Soviet areas, and also includes a special list of restricted items from Japan.
>
> Open General License No. 2 permits imports of liberalized items from the dollar area.
>
> All imports not covered by an open general license require an individual import license.
>
> Permission to import, either by open general license or by some other form of license, carries with it entitlement to obtain exchange to pay for the import.

Foreign exchange controls have been substantially relaxed during the last several years within the United Kingdom and other Commonwealth countries that carry on foreign trade in sterling. Thus, an increasing variety of agricultural products can be sold in Commonwealth markets by other countries.

The Commonwealth members at the Montreal Conference in September 1958 reaffirmed their objective of freer trade and payments and agreed that dollar discrimination should be progressively reduced and ended as soon as possible.

Sir David Eccles, president of the Board of Trade in the United Kingdom, announced at the Montreal Conference that given the continuing strength of the pound and economic stability at home, the decontrol of foreign exchange restrictions by his own country on consumer goods including food items would be pressed forward in 1959. The United Kingdom, Australia, New Zealand, and most of the United Kingdom's dependent territories during the period from late 1958 to early 1960 removed their discriminatory foreign exchange controls upon imports of products from the dollar area, with the exception of some important agricultural products.

Among the products of interest to U.S. agriculture, not yet freed by the United Kingdom from import quotas, are fresh apples, pears and grapefruit, citrus juices, canned grapefruit, certain meats, fresh and frozen poultry meat, and alcoholic beverages. Restrictions on fruit and fruit products which seriously curtailed U.S. exports for more than a decade have been only partially

TABLE 3–a.—*United Kingdom: Indexes of import and export prices, and terms of trade*

[1954=100]

Year	Imports		Exports			Terms of trade [1]
	Food, beverages, and tobacco	Total	Engineering products	Manufactured goods	Total	
1954	100	100	100	100	100	100
1955	101	103	103	102	102	101
1956	101	105	107	106	106	99
1957	101	107	112	109	111	96
1958	97	99	115	111	110	90
1959	98	98	117	111	109	90
1960	97	99	120	114	111	89
1961	94	97	122	115	112	86

[1] Import price index as a percentage of the export price index.

Board of Trade Journal, London.

TABLE 3-b.—*Market price indexes for selected Commonwealth commodities*
[1953=100]

Commodity	Market place and specification	Annual averages		
		1957	1958	1959
Wheat	U.K.: Australian, f.a.q	87	82	78
Rice	Burma: Export price, No. 1 white	57	62	55
Butter	U.K.: New Zealand finest salted	94	78	113
Cheese	U.K.: New Zealand finest waxed	94	94	147
Cocoa	N.Y.: Import price, Accra	83	119	99
Coffee	N.Y.: Import price, Native Uganda	73	80	62
Tea	Ceylon: Export price, high grown	108	113	114
Tobacco	U.K.: Average, unstripped, Rhodesia	103	107	110
Coconut oil	Rotterdam: Straits, 3½ percent	80	93	113
Palm oil	U.K. ports: Malayan, 5 percent	114	103	[1] 107
Palm kernels	European ports: British West African	80	88	110
Peanuts [2]	European ports: Nigerian shelled	94	76	84
Flaxseed	U.K.: Canadian, No. 1, 2½ percent	100	103	109
Cotton	Liverpool: Spot, Texas M 15/16	80	79	69
Wool	Sydney: Auction, greasy	94	62	65
Jute	U.K.: Dundee, Pakistan firsts	119	115	116
Sisal	U.K.: Spot, African No. 1	77	78	96
Natural rubber	New York: Spot, No. 3, RSS	137	118	160
Tin	Singapore: Export price, ex works	103	102	109
Copper	U.K.: Rhodesian wire bars	86	77	93
Lead	U.K.: Import price	107	80	78
Zinc	U.K.: Import price	109	88	109

[1] Average for 9 months only, as prices are not available on Malayan for months of April, July, and August.
[2] 1954=100.

United Nations Commission on International Commodity Trade, New York, and Commonwealth Economic Committee, London.

relaxed. Quotas officially announced by the British Board of Trade are:

Commodity	Period	Quota for dollar area
		Bushels
Fresh apples [1]	July 1961–June 1962	3, 772, 000
Fresh pears	do	1, 254, 000
Fresh grapefruit	April 1961–September 1962.	$3, 220, 000
Canned grapefruit	October 1961–September 1962.	1, 260, 000
Citrus juice [2]	do	840, 000
Canned apples	July 1961–June 1962	2, 240, 000

[1] Divided into 2 periods: 1,014,000 bushels, July 1–Dec. 31, 1961, and 2,758,000 bushels, Jan. 1, 1962–June 30, 1962.
[2] Orange and grapefruit.

A number of Commonwealth countries do not discriminate between dollar and nondollar countries. Some, however, do not permit important blocks of commodities to be imported from dollar countries, either because the commodities are still on the prohibited list or because licenses are not generally granted. The United Kingdom and other countries on a net import basis have made the greatest relaxations. Territories with vigorous agricultural programs still retain import controls, some under the label of foreign exchange restrictions. Such countries as India, Pakistan, and Ceylon, which have major capital development programs and insufficient resources to meet their investment requirements, still maintain strict control over all foreign exchange transactions, including the expenditure of dollars on imports from the United States (tables 4–a to 4–x).

TABLE 4–a.—*Australia: Import control on agricultural commodities, as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Oilseeds		x
Raw cotton	x	
Hog casings (natural)	x	
Wool, greasy and scoured	x	
Dates		x [1]
Tobacco, leaf		x [2]
Hops		x [3]
Seeds:		
Field		x [3]
Vegetable		x [3]
Flower		x [3]
Vegetable oils		x [3]
Timber	x	
Plyboard	x	
Rosin	x	
Turpentine	x	
Other agricultural products	x	

[1] Seasonal licensing.
[2] Tariff concessions to manufacturers conditioned upon use of increasing amounts of domestic tobacco have the effect of a quantitative restriction on imports.
[3] Permits issued for imports to supplement domestic production.

TABLE 4–b.—*Barbados: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Rice, whole or broken		x
Rice products		x
Other cereals	x	
Fats and oils, excluding oilseeds, castor oil, tung oil, oiticica oil, and sperm oil		x
Cottonseed meal		x
Poultry feed, prepared		x
Poultry, killed or dressed		x
Eggs, in shell		x
Other agricultural products	x	

TABLE 4–c.—*Bermuda: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Grapefruit		x [1]
Roses, cut		x [1]
Vegetables, fresh [2]		x [1]
Other agricultural products	x	

[1] Imports prohibited during certain seasons of the year to protect specific local crops.
[2] Cabbage, carrots, cauliflower, cucumbers, onions, potatoes, tomatoes, and turnips.

TABLE 4–d.—*British Guiana: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Grain, and certain products [1]		x
Fats and oils [2]		x
Sugar		x
Coffee		x
Cattle		x
Meat, poultry		x
Milk		x
Eggs, dried		x
Other agricultural products	x	

[1] Wheat, rice, corn, cornmeal, and starches.
[2] Covered by regional agreement, providing that restrictions do not apply to certain producing British territories in Caribbean area.

TABLE 4-e.—*British Honduras: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Rice, whole or broken		x
Corn	x	
Beans, dried (red kidney and pinto)		x
Peas, split		x
Lentils		x
Citrus juice	x	
Vegetables, fresh (cabbage, carrots, lettuce, and tomatoes)		x
Cigarettes	x	
Cattle, for slaughter	x	
Hogs, for slaughter	x	
Meat, fresh, chilled, or frozen	x	
Meat, poultry		x
Eggs, in shell		x
Other agricultural products	x	

TABLE 4-f.—*Canada: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat		x
Wheat flour		x
Wheat starch		x
Barley [1]		x
Oats [1]		x
Turkeys		x
Butter [2]		x
Cheese, Cheddar		x
Margarine		x [3]
Milk, dry skim		x
Other agricultural products	x	

[1] Extends also to products of barley or oats.
[2] Extends also to butter oil and butter fat.
[3] Imports not allowed.

TABLE 4-g.—*Ceylon: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat flour		x [1]
Foodgrains		x [1]
Cereals, prepared [2]	x	
Beans	x	
Pulses, other	x	
Potatoes	x	
Raisins		x
Fruit juices		x
Fruits, canned (in sirup)		x
Jams, jellies, and marmalades		x
Sugar, refined		x [1]
Sugar, unrefined	x	
Feeding stuffs for animals (excluding bran pollard, hay, and straw)	x	
Hops	x	
Malt for brewing	x	
Milk, canned	x	
Other agricultural products		x [3]

[1] May be imported on government account only.
[2] Excluding rice products.
[3] Imports generally not allowed.

TABLE 4-h.—*Federation of Malaya, Ghana, and Hong Kong: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Federation of Malaya: All agricultural products [1]	x	
Ghana:		
Tobacco, unmanufactured		x
Tobacco, manufactured		x
Other agricultural products	x [2]	
Hong Kong: All agricultural products [1]	x	

[1] The only restrictions imposed are for sanitary purposes.
[2] Licensing reestablished on virtually all imports Dec. 1, 1961.

Table 4–i.—*India: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Foodgrains		x [1]
Cotton		x
Tobacco		x
Fruits		x
Nuts		x
Milk for infants		x
Malted milk		x
Butter		x [2]
Cheese		x [2]
Ghee		x [2]
Milk, dry		x [2]
Milk, canned or bottled		x [2]
Ham or bacon		x [2]
Vegetables		x [2]
Other agricultural products		x [2]

[1] On government acccount only.
[2] Imports not generally allowed.

Table 4–j.—*Jamaica: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat flour, whole or enriched	x	
Wheat flour, unenriched		x
Rice		x
Cornmeal		x
Oilseeds, fats and oils, excluding flaxseed, linseed oil, tung nuts and oil, castor beans and oil		x
Cottonseed meal		x
Coconut meal		x
Pineapples and pineapple juices, canned		x
Potatoes		x
Sugar (as sugar)		x
Vegetables, fresh [1]		x
Coffee and imitations		x
Cocoa beans, and products		x
Tobacco, unmanufactured and manufactured	x	
Meat, pork and pork products		x
Meat, poultry		x
Milk and cream, fresh		x
Milk, canned (evaporated and sweetened condensed)		x
Milk-based infant and invalid foods		x
Eggs, in shell		x
Other agricultural products	x	

[1] Sweet pepper, tomatoes, beetroot, white cabbage, pumpkin, carrots, and cucumbers.

Table 4–k.—*Kenya:* [1] *Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat		x
Cereals, prepared		x
Glucose		x
Beans, peas, and other dry legumes		x
Fruit, preserved		x
Tobacco		x
Milk, dry skim		x
Ice cream mixes, and substitutes		x
Other agricultural products [2]		x

[1] As a member of the East African common market first preference is given to available comparable commodities from Tanganyika and Uganda, when sufficient quantities are not available from domestic Kenya production.
[2] Licenses are granted for other dollar imports when they are essential, and when they cannot be obtained from nondollar areas.

Table 4–l.—*Leeward Islands: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat grain and flour [1]		x
Cornmeal [2]		x
Rice [3]		x
Fats and oils [4]		x
Sugar [1]		x
Other agricultural products	x	

[1] St. Kitts-Nevis-Anguilla.
[2] St. Kitts-Nevis-Anguilla and Antigua.
[3] Covered by regional agreement with other producing Caribbean territories.
[4] Covered by regional agreement. Excluding flaxseed and linseed oil, tung nuts and oil, castor beans and oil, perilla seed and oil, and oiticica oil, in which there is little or no trade, although imports are not restricted.

TABLE 4-m.—*New Zealand: Import control on agricultural commodities as of July 1961 (through June 1962)*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat		x [1]
Feed grains		x [2]
Rice, bulk and packaged		x
Soybeans		x [2]
Essential oils		x
Vegetable oils		x
Nuts		x [1]
Seeds, flower		x
Seeds, vegetable		x
Deciduous fruit, fresh		x [2]
Fruits, dried		x
Oranges		x [1]
Pineapple, canned		x [2]
Sugar [3]	x	
Tobacco leaf		x [4]
Gums and resins		x
Turpentine		x
Sausage casings		x
Butter	x	
Cheese, Cheddar	x	
Other agricultural products		x

[1] Permits issued for imports to supplement domestic production.
[2] No allocation is provided and licenses will not be granted unless the circumstances are most exceptional.
[3] Other than treacle, molasses, sugar of No. 22 color, glucose, and grape.
[4] Import permits and mixing regulations under which manufacturers must purchase a minimum of 30 percent of their raw tobacco requirements from New Zealand's production.

TABLE 4-n.—*Nigeria: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Sugar	x	
All other commodities	x	

TABLE 4-o.—*Pakistan: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat		x [1]
Rice		x [1]
Sugar		x [1]
Glucose	x	
Sago	x	
Milk, condensed	x [2]	x [3]
Milk food	x	
Other agricultural products		x

[1] Imported by national government only.
[2] East Pakistan.
[3] West Pakistan.

TABLE 4-p.—*Republic of South Africa: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Cotton, raw (including linters)	x	
Other agricultural products		x [1]

[1] The numerous quasi-public commodity boards exercise quantitative control directly or indirectly over the imports and exports in accordance with domestic production and estimated consumption requirements.
Also licenses and quantitative restrictions may be changed from time to time for balance of payments and related reasons.

TABLE 4-q.—*Rhodesia-Nyasaland Federation: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat and wheat flour [1]		x
Cotton		x [2]
Tallow	x	
Other major agricultural products		x [3]

[1] An import quota of £450,000 ($1,260,000) per annum on wheat from dollar sources is available. Wheat from nondollar sources is not subject to quantitative or value restriction.

[2] Importers must obtain licenses from the Ministry of Commerce and Industry before placing firm orders with their suppliers.

[3] Permits required from Ministry of Agriculture for importation of certain agricultural products. Whether they will be issued, and the quantity that will be admitted entry, is determined by availability of Federation supplies.

TABLE 4-r.—*Sierra Leone: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Rice		x
Tobacco	x	
Other agricultural products	x	

TABLE 4-s.—*Singapore: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
All agricultural products [1]	x	

[1] Any restrictions imposed are for sanitary purposes.

TABLE 4-t.—*Tanganyika:* [1] *Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat and spelt		x
Rice		x
Barley, unmilled		x
Meal and flour of cereals		x
Cereals, unmilled, other		x
Margarine and shortenings		x
Sugar		x
Tobacco, unmanufactured		x
Butter		x
Other agricultural products		x

[1] Licenses have been generally granted for imports from dollar countries only when they were essential, and when they could not be obtained from other East African common market countries (Kenya and Uganda), or from other nondollar areas. A partial relaxation of this stringent policy was in evidence in the case of some commodities, above famine relief shipments, by licenses granted imports during 1961 from dollar areas that were not available in East Africa.

TABLE 4-u.—*Trinidad and Tobago: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Rice, all kinds		x
Essential oils		x
Oilseeds, oil nuts and kernels		x
Oils, vegetable		x
Oils and fats processed of animal or vegetable origin		x
Margarine and shortenings		x
Oilseed cake and meal—other vegetable oil residues		x
Coconut seeds for planting		x
Fruits, citrus (fresh)		x
Fruits, citrus (preserved and prepared)		x
Sugar		x
Poultry, live		x
Poultry, killed dressed (fresh, chilled, or frozen)		x
Eggs, in shell		x
Eggs, liquid, frozen	x	
Other agricultural products	x	

TABLE 4–v.—*Uganda:* [1] *Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Flour and flakes of potatoes	x	
Cereals and cereal products [2]		x
Glucose	x	
Fruits and vegetables	x	
Fruits, preserved whole or in pieces	x	
Beans, peas, lentils, and dry legumes	x	
Sugar, beet and cane		x
Bran, pollards, etc	x	
Tobacco		x
Poultry, sheep, lambs, and swine	x	
Meat, bladders and casings	x	
Butter, margarine, shortening—including vegetable and animal ghees		x
Other edible oils and fats		x
Other agricultural products		x

[1] Most of Uganda's agricultural imports are normally met by Kenya and Tanganyika (members of the East African common market); thus licenses are not normally issued to dollar countries.

[2] Excluding rice, breakfast foods, and alimentary pastes.

TABLE 4–w.—*United Kingdom: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat and wheat flour	x	
Rice	x	
Corn, sorghums, barley, and malt	x	
Oats and oatmeal	x	
Starches	x	
Oilseeds and vegetable oils	x	
Oilcake and meal	x	
Beans, peas, and lentils (dried)	x	
Clover and grass seed		x
Apples and pears, fresh		x
Grapefruit, fresh or canned		x
Apples, canned		x
Other fruit, canned	x	
Fruit, dried	x	
Citrus juice		x
Fruit juices, other	x	
Potatoes		x
Sugar		x
Vegetables, fresh, frozen, or canned	x	

TABLE 4–w.—*United Kingdom: Import control on agricultural commodities as of July 1961*—Con.

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Hops	x	
Tobacco, manufactured and unmanufactured	x	
Cotton, raw [1]		x
Cotton linters	x	
Carcass meat (except pork) [2]	x	
Beef tongues	x	
Sausage casings	x	
Butter, and other animal fats	x	
Cheese	x	
Milk, all forms		x
Eggs	x	
Poultry meat, cooked (frozen or canned)	x	
Honey	x	
Hides and skins	x	

[1] Cotton can be imported without quantitative restriction, but is subject to individual licensing.

[2] Relaxation of restrictions extends to certain types of fresh and frozen meats, canned sausages, canned lima beans with ham, but not to fresh or frozen pork, nor to cured ham.

TABLE 4–x.—*Windward Islands: Import control on agricultural commodities as of July 1961*

Commodity	No individual licenses required, and no quantitative restrictions	Licenses and/or quantitative restrictions
Wheat and products [1]		x
Rice [2]		x
Fats and oils (including oil-bearing seeds).[3]		x
Sugar [4]		x
Meat [5]		x
Chickens, live [5]		x
Poultry, live (except day-old chicks).[6]		x
Eggs [5]		x
Eggs, in shell [6]		x
Other agricultural products	x	

[1] Dominica and St. Vincent.

[2] Covered by regional agreement.

[3] Covered by regional agreement. Excluding flaxseed and linseed oil, tung nuts and oil, castor beans and oil, perilla seed and oil, and oiticica oil, in which there is little or no trade, although imports are not restricted.

[4] Grenada, Dominica, and St. Vincent.

[5] St. Vincent.

[6] St. Lucia.

Agricultural Price Policy

All agricultural producing Commonwealth members and territories maintain governmental authority over agricultural prices at the producer level. The amount of price control exercised may vary from none in the case of some commodities to a fixed price not only for a current marketing season but for some years in the future. The manner in which the control is exercised is also varied, ranging from ad hoc governmental payments made direct to producers only when there are disaster prices to purchase of the total output at a fixed price by a governmental monopoly. Many of these differences arose out of trade techniques or problems peculiar to industries which first were given governmental assistance during, and immediately following, World War I and the world agricultural depressions in the 1920's and the 1930's.

Affected by World War I

Before World War I, the price of major agricultural commodities in the British market was the recognized world price. At London and Liverpool exchanges, staple commodities from all parts of the world were freely bought and sold, either on a spot or future basis. Among the commodities traded in this manner were wheat, barley, rye, rice, corn, grain sorghums, cotton, wool, hides and skins, lard, tallow, whale and fish oils, oilseeds and vegetable oils, rubber, sugar, coffee, tea, cocoa, pepper, and spices. These, and many other agricultural products, such as tobacco, fruits, and meats, widely traded outside the exchanges, were bought and sold competitively.

Great Britain was the world's largest buyer of most of these products. Its dominions and colonies were among the leading suppliers. Nevertheless, produce from non-Empire countries—Argentina, the United States, France, Denmark, Russia, Rumania, or other countries—sold in free and open competition with British- or Empire-produced commodities. Determining whose produce a buyer would choose and the price he would pay were such factors as suitability of product, supply and demand, and other market factors. Prior to 1914 and during part of the 1920's and 1930's, there was a definite relationship between the prices of staple farm products in the export country and the market price in the United Kingdom. Making allowance for a rising or declining price trend, the price paid to Canadian farmers for wheat, for example, and the Winnipeg price bore a constant relationship to the Canadian export price. At the same time, the export price in Canada showed a definite relationship to the c.i.f. import price in the United Kingdom and to the price received by U.K. producers.

Until World War I, producers supplying commodities for the British market sold them through commercial channels, including cooperatives. During the war, national pools in Canada and Australia began handling grain exports in connection with sales to Great Britain. As a result of the interference in the trade by British wartime acquisition of supplies, the New Zealand Government established controls with respect to factors affecting prices of wheat, sugar, cheese, and butter. Control was most comprehensive on butter and cheese; exports were prohibited except under license. Licensed exporters were required to pay a butterfat levy into a price stabilization fund. Maximum prices were fixed for locally consumed butter. An effort was made also to determine and fix a fair margin of profit for butter factories and exporters.

The Australian State Governments and the New Zealand Government began according compulsory powers to producer marketing boards, during and just after World War I. Controls were extended to many products and to internal as well as oversea trade. Export controls were exercised first over packing and grading and eventually over other aspects of marketing, including negotiation of prices, booking of shipments, timing of deliveries, and market promotion in the British Isles.

The decline in Great Britain's rural population, in acreages of wheat, oats, and potatoes, and in livestock numbers after World War I drew the attention of the Government to the development of an active policy for the rehabilitation of agriculture. At first, emphasis was laid on the effort to improve agricultural efficiency. To this were later added artificial aids to agricultural prosperity—such devices as price supports, subsidies, tariffs, and quantitative import restrictions. At the same time, steps were taken to stimulate intra-Empire trade, in order that the resources of the Empire might be more fully developed.

From the late 1920's on, policies combining protection of domestic production and Empire preference became more and more obvious. These included the Agricultural Marketing Acts of 1931 and 1933, the Horticultural Import Duties Act of 1931, and the Import Duties Act of 1932. The demand for agricultural subsidies existed from the time of the Agricultural Wages Act of 1924, which reestablished in England and Wales the World War I board system of guaranteeing agricultural wages and provided for regulation of working hours. As a result, more and more industries received assistance from the state during the 1930's. In the case of wheat, barley, oats, beef cattle, and fat sheep, deficiency subsidies were paid to producers covering the difference between the price they received in the marketplace and the government-guaranteed price. For potatoes, hops, fluid milk, bacon, and ham, marketing regulatory powers were exercised by commodity marketing boards, and quantitative import control was imposed with a view to raising prices to domestic

producers. Other measures included payment of bounties to producers. Thus, by the outbreak of World War II, British agriculture was receiving a large measure of government assistance.

Affected by World War II

At the very beginning of the war, in contrast with the situation in World War I, the British Government took steps in the form of administered prices to obtain maximum agricultural output, hold down the cost of supplies which the Government would have to purchase for the military, and protect consumers against profiteering. All commodity exchanges were closed. The Government became the sole buyer of imported foodstuffs and other farm products, and radically changed the system of agricultural price controls.

The prewar system of deficiency payments and indirect price supports was abolished. Virtually all phases of British agricultural production were placed under control of the Ministry of Agriculture. Marketing boards were abolished or placed under the Ministry of Food. Prices were fixed at both the producer and consumer levels. To obtain maximum deliveries and to have complete control of supply, the Government bought practically everything the British farmer produced. To call forth maximum production, the level of guaranteed prices at which the Government made its purchases showed successive rises during the war years; the Government added various bounties and promised that price guarantees would be continued after the war.

During and after World War II, energetic moves were made to improve the efficiency of the British farmer. These included reorganization and great expansion of extension services, reclassification of land, and an act of Parliament authorizing the Minister of Agriculture to dispossess a farmer who did not meet certain standards in his farming practices or who would not grow the crops in short supply to which the Ministry of Agriculture considered his land adaptable. Because of the price incentive, patriotism, or through persuasion, farmers usually followed government policy rather than risk expulsion from their land.

For several postwar years, great emphasis was continued in the United Kingdom on expansion of domestic agricultural output, primarily to conserve scarce foreign exchange. In 1953 the Prime Minister said, "It is just as important for our future to wring the last ounce of food from our acres year by year as it was in the dark days of the war. . . ." To this end the Government continued price guarantees for livestock, wheat, barley, oats, rye, potatoes, sugarbeets, milk, and eggs. However, in fixing advance prices following the annual price reviews, somewhat less emphasis has been placed on wheat and greater emphasis on increased feedgrain production, on egg and meat production, and on turkeys and broiler chickens. Production increases in these groups of commodities have been especially significant. In barley, beef, and butter, temporary gluts occurred as a result of high domestic seasonal production and arrival of imports from widely scattered sources.

Following such developments, Commonwealth representatives questioned the consistency of Britain's policy of encouraging imports from the Commonwealth while subsidizing domestic production to the point that prices for imports were reduced to levels injurious to oversea suppliers and their countries. Economists questioned whether the high cost of obtaining record-level agricultural output was the most economic use of British resources or whether there was a saving in foreign exchange.

Under the 1957 Agricultural Act of the United Kingdom, the Government can reduce the production incentive prices assured producers, but it can only do so slowly. It cannot reduce its guaranteed price for any commodity in any one year by more than 4 percent below the price of the previous year. A full 4-percent reduction has been difficult because of the many factors that must be taken into account in determining the guaranteed price. Such factors include production trends in relation to consumption requirements, the industry's net income trend, the cost to the British Government, production cost changes, world market prospects, and increasing efficiency of producers. Nor can the Government reduce the guarantees to agriculture as a whole, including production grants, by more than 2½ percent below the level of the preceding year. A beginning has been made by adjusting beef, hog, egg, and wheat prices within these limitations (table 5).

Prices received by Commonwealth suppliers on products they market abroad may be low and supplemented by various miscellaneous payments or other forms of assistance, as are Canadian wheat prices. Minimum prices may be specified, such as those in New Zealand, and a levy collected when market prices are high and a payment made to producers when prices are low. There may be a two-price system, as is used for several Australian products, under which domestic prices are maintained above the export price and the producer is paid a blended price.

In underdeveloped countries graduated taxes are frequently placed on exports which are raised when world prices are high, which are reduced when prices decline, and which may be removed when prices fall below a specified level. Again, in underdeveloped countries governments build reserve stocks and take other measures to protect consumers from unduly high prices when there are short domestic crops. Each of these two types of measures tends to have a stabilizing effect on producer prices.

TABLE 5.—*United Kingdom: Prices of selected agricultural products* [1]

Commodity	Unit	1954–55	1955–56	1956–57	1957–58	1958–59	1959–60
		U.S. dollars	*U.S. dollars*	*U.S. dollars*	*U.S. dollars*	*U.S. dollars*	*U.S. dollars*
Wheat	Bushel	2. 30	2. 30	2. 30	2. 14	2. 10	2. 07
Barley	do	1. 54	1. 48	1. 58	1. 74	1. 74	1. 74
Oats	do	. 96	. 93	1. 00	1. 10	1. 10	1. 10
Rye	do	1. 75	1. 63	1. 63	1. 55	1. 55	1. 52
Potatoes	Long ton	34. 86	30. 24	30. 98	31. 50	32. 06	35. 56
Sugarbeets [2]	do	17. 59	17. 87	18. 28	18. 28	18. 28	18. 28
Beef cattle [3]	Pound	. 17	. 17	. 19	. 20	. 20	. 20
Fat sheep [4]	do	. 41	. 42	. 45	. 46	. 46	. 46
Hogs [5]	do	. 36	. 36	. 35	. 36	. 31	. 33
Eggs [5]	Dozen	. 56	. 58	. 58	. 64	. 57	. 57
Wool	Pound	[6]. 64	. 69	. 66	. 66	. 66	. 64
Milk	100 pounds	4. 54	4. 54	4. 65	4. 65	4. 54	4. 54

[1] Prices guaranteed to producers. Crop years.
[2] Sugar content of 16.5 percent.
[3] Liveweight. Steers, heifers, and special young cows from 1954–55 to 1956–57, inclusive. Thereafter, special young cows were excluded.
[4] Carcass weight.
[5] Related to the price of feed. The price of hogs is on a deadweight basis.
[6] Plus marketing costs of about 5 cents. Prices for subsequent years include an allowance for marketing costs.

Quarterly Review of Agricultural Economics, April 1958, Canberra; and Annual Review and Determination of Guarantees, Cmnd. 696, 1959, London.

III. DEVELOPMENT OF NEW ECONOMIC POLICIES

Economic necessity is causing the Commonwealth to place decreasing emphasis upon "Empire preference," and increasing emphasis upon international cooperation between respective Commonwealth members and non-Commonwealth countries. Speeding this tendency are urges within the Commonwealth to raise living standards, to develop natural resources, and to capitalize on growing market opportunities outside the Commonwealth.

Prime Minister Harold Macmillan in the leadoff speech of the 1960 British drive to increase exports indicated the nature of considerations that help to determine Commonwealth trade policy. The United Kingdom, he said, had to maintain a high level of industrial activity and foreign trade for several reasons. It had to supply the needs of a rising standard of living for the British population. It had to meet debts incurred in the past. It had to invest in the future of those countries which were fast developing, and it had to make a contribution to those peoples less well off than those in Britain. By doing this, Great Britain would make a contribution to peace, and promote world trade.

These considerations alone do not make Commonwealth policy, for it is the result of give and take among the 16 equal sovereign Commonwealth nations. Local economic and political conditions, treaty commitments between members, and commitments of a broader nature have much influence.

The Commonwealth has extensive natural resources. Unharnessed waterpower, unmined minerals, uncut forests, and fertile irrigable agricultural lands are widely distributed. Their exploitation, slow in the 1930's, was greatly stimulated by wartime and early postwar developments.

The strong demand for raw materials among the industrialized nations of the world and the large Commonwealth populations needing food and jobs made development of these resources very attractive. Overlapping the search for uranium came a strong urge to develop petroleum, natural gas, iron, and nonferrous ores. With acceptance of increasing responsibility for self-government, national leaders in the underdeveloped areas of the Commonwealth urgently devised 5-year plans to raise food consumption levels, personal income, and the GNP. To expedite economic development programs—to build for their own countries the essential infrastructure of a modern national industrial plant—governments of both old and new members of the Commonwealth sought much-needed foreign capital.

In obtaining the necessary capital for economic development, the Commonwealth has been of service to underdeveloped and developed countries alike. It has sought to establish sound principles for all countries to follow in building or expanding viable economies.

Investment Policy

Pursuant to a policy of assistance agreed upon at the Commonwealth Trade and Economic Conference, Montreal, 1958, a new type of loan is now available to independent Commonwealth countries.

While not discouraging the raising of funds from other sources, these new loans are intended to assure the governments of Commonwealth countries, in particular those that have not yet had time to firmly establish their credit, that minimum funds will be available for development. Since December 1958, the United Kingdom has made loans of $182.7 million to independent Commonwealth member countries in South and Southeast Asia. A Commonwealth assistance loan of $33.6 million by the U.K. was agreed upon just prior to Nigeria's independence. Similar arrangements are worked out for other countries as they become independent.

However, important as these loans are, they meet only a small part of the needs of developing countries. Outside public and private capital required annually to support the combined economic plans of Commonwealth underdeveloped countries is estimated to be about $3.0 billion. Approximately 30 percent of this amount is available from sources in the United Kingdom. Most of the balance must be found among non-Commonwealth sources, particularly in the United States and Western Europe. The International Bank for Reconstruction and Development (sometimes later referred to as the World Bank) and international consortia of public and private institutions are taking an increasing responsibility in this gigantic undertaking.

The Montreal Conference specified some of the more basic principles for obtaining an expanded and integrated capital investment program in the Commonwealth. It sought to encourage sound fiscal and monetary policies among members. It recommended increased savings and transfer of savings into investments through private channels. It emphasized the important roles of the United Kingdom, the United States, and the World Bank in Commonwealth development. It mentioned particularly the desirability of enlarging the Bank's loan capacity.

Much of the strength of the Commonwealth economic program lies in the ability of countries to attract capital from various sources, including private foreign capital. The Montreal Conference specifically called on recipient Commonwealth countries to create conditions calculated to attract private capital both from within and from outside the Commonwealth.

Canada, in particular, and Australia, the Republic of South Africa, and the Federation of Rhodesia and Nyasaland have also attracted foreign capital. Since August 1958, India has shown a desire to follow a policy that is reassuring to private capital from abroad. This policy is attracting British, American, and Japanese business firms into Indian enterprises. Many colonies by giving tax incentives have become more successful in attracting private capital in recent years.

U.S. private industry is a major source of capital for Commonwealth development. At the end of 1958, expenditure for branch plant expansion by U.S. firms or other direct U.S. investment had amounted to $8.9 billion in Canada, $2.1 billion in the United Kingdom, and $0.7 billion in Australia. Though the rate of such investment declined in 1959, it started upward again in 1960.

Commonwealth sources, including profits from domestic production and from exports, are now supplying increasing amounts of capital for internal development in Australia, Ghana, Nigeria, East Africa, and the Federation of Rhodesia and Nyasaland. The flow of capital from the United Kingdom to the Commonwealth's sterling countries amounted to $5.8 billion in the decade 1948–58. Both direct investment by British companies and loans floated in London's capital market are sources of capital. During 1956–59, the net flow of private capital from the United Kingdom to underdeveloped countries averaged $500 million annually, from Canada $61 million.

The total flow of capital from the United Kingdom to the Commonwealth, excluding principal and interest payments on wartime and postwar loans made by the Canadian Government to the United Kingdom, is more than $670 million annually. Mr. Lennox Boyd, Secretary of State for the Colonies, in addressing the House of Commons on March 2, 1959, said that there is a serious unfilled need of funds for colonial development.

Provision has since been made for a part of the needed funds to help the Commonwealth meet forthcoming development goals. These include enlarged subscriptions by members of the International Bank for Reconstruction and Development and the new International Development Association as well as enhanced aid by the U.K. Government itself.

In 1959, World Bank members agreed to changes in the Bank's charter that would double their subscriptions and provide the basis for further borrowing in the world's investment markets. As a result, uncalled subscriptions could rise from $7.65 billion to almost $18 billion. During 1948–59, the Bank's loans to Commonwealth countries totaled $1.5 billion (table 6).

The International Development Association was established in 1960 as an affiliate of the International Bank for Reconstruction and Development to help finance worthy projects where the applicant country's debt service capacity was limited or had already been reached. It has two groups of members: the more developed countries which provide aid, and the underdeveloped countries which are for the most part aid recipients. The United Kingdom, Canada, Australia, and the Republic of South Africa are in the former group; all other Commonwealth countries, except New Zealand which is not an Association member, are in the latter. The British Government gave full encouragement to the proposal from the start, and Parliament in 1960 voted to approve the U.K. contribution toward the Association's initial $1

TABLE 6.—*World Bank loans to Commonwealth countries, 1948–61*

Country	Number of loans	Amount	Major use
		Million dollars	
Australia	6	317. 7	General development: irrigation, other agricultural uses, airlines, and other.
British East Africa	3	38. 0	Railways.
British Guiana	1	1. 2	Agriculture.
India	24	700. 6	Transportation, land reclamation, irrigation and flood control, port improvement, development of iron and steel industry, and other including private industries.
Pakistan	13	256. 4	General, transportation, electric power, agricultural machinery for reclamation of wasteland.
Ceylon	3	41. 5	Dams and thermoelectric powerplants.
Federation of Malaya	1	35. 6	Powerplants.
Nigeria	1	28. 0	Railroad development to open up rich agricultural area in Northeast Nigeria.
Federation of Rhodesia and Nyasaland.	5	146. 6	Hydroelectric power, railways.
Republic of South Africa	8	196. 8	Do.
Total	65	1, 762. 4	

Reports of the International Bank for Reconstruction and Development.

billion capitalization. Some territories within the Commonwealth were among the early recipients of modest, long-term, no-interest loans granted by IDA, 1961–62.

The amount of public funds made available through U.K. development agencies and other channels are being increased. In 1959, the U.K. Government reaffirmed its continuing interest in the welfare of poorer countries and stated its intention of continuing to help them directly by international aid plans. The Queen's speech from the throne on October 27, 1959, contained the following passage:

> The improvement of conditions of life in the less-developed countries of the world will remain an urgent concern of my Government. They will promote economic cooperation between the nations and support plans for financial and technical assistance.

The United Kingdom, in pursuance of its announced policy, stepped up aid to British colonies through the Colonial Development Corporation, previously referred to as the principal U.K. agency for channeling funds into colonial economic development projects. In 1959 the Colonial Development Corporation undertook a record number of new projects, alone, or in cooperation with private enterprise or colonial governments. These, together with existing projects, totaled 88 development projects located in 26 colonies and Commonwealth countries. Total capital approved for the 88 projects, new approvals from January to June 1960, and the additional investment required to complete existing projects brought the Corporation's total commitments, as of June 1, 1960, to approximately $320 million.

Over $235 million was made available to underdeveloped Commonwealth areas under the Colonial Development and Welfare Acts for the period 1955–60. During 1960–65, the equivalent of about $400 million, including unused funds from previous allocations, is being made available for colonial development and welfare (table 7).

Independent countries, though within the Commonwealth, are debarred from obtaining funds under the Colonial Development and Welfare Acts for projects started after independence. The Colonial Development Corporation is authorized, however, to carry out its commitments for projects approved prior to independence, and if necessary to invest new funds in them. After

TABLE 7.—*U.K. funds allocated for colonial development and welfare, 1959–64*

Recipient areas	Amounts allocated	
	Sterling	Equivalent U.S. currency
East Africa	£16, 350, 000	$45, 780, 000
Central Africa	4, 000, 000	11, 200, 000
West Africa	3, 000, 000	8, 400, 000
South Africa (Basutoland, Swaziland, and Bechuanaland)	3, 750, 000	10, 500, 000
Atlantic and Indian Ocean	3, 950, 000	11, 060, 000
Mediterranean	19, 550, 000	54, 740, 000
Far East	5, 750, 000	16, 100, 000
Western Pacific	1, 400, 000	3, 920, 000
West Indies	9, 000, 000	25, 200, 000
Other Caribbean areas	6, 100, 000	17, 080, 000
General reserve	5, 250, 000	14, 700, 000
Total	78, 100, 000	218, 680, 000

Official Commonwealth sources.

Ghana became independent, for example, it received $980,000 outstanding under the Colonial Development and Welfare Act, and also technical assistance.

After obtaining their independence, new countries have had difficulty in financing their development programs. To assist in this effort the United Kingdom has shown a willingness to allow large-scale public and private financing to enter into its former dependent territories. The Government of the United Kingdom and private British financial institutions have joined with other countries within the framework of the Colombo Plan or with international consortia for financing development, particularly in Asian and in African areas.

The Colombo Plan

The Colombo Plan has proved useful in planning and integrating bilateral assistance for economic development of countries in South and Southeast Asia. The plan originated from an Australian proposal at a Commonwealth Foreign Ministers' Conference in Colombo, Ceylon, in 1950. Before the year was out, India, Pakistan, Ceylon, the Federation of Malaya, Singapore, North Borneo, and Sarawak had submitted statements of their needs and resources to a Commonwealth committee, and that committee in turn had reported a scheme for establishing and financing a development program costing an estimated $5.2 billion in the first 6 years. Colombo Plan members now include the following 6 donor and 15 recipient countries:

Donors	*Recipients*
Australia	Burma
Canada	Cambodia
Japan	Ceylon
New Zealand	India
United Kingdom	Indonesia
United States	Laos
	Malaya
	Nepal
	North Borneo
	Pakistan
	Philippines
	Sarawak
	Singapore
	Thailand
	Vietnam

The program includes notable achievements in economic development assistance and provision of food by the donor countries. The United States under its regular foreign aid legislation and programs has been a large supplier of surplus agricultural products, technical assistance and general economic aid taking many forms. In addition to the assistance provided by donor countries, mutual assistance among recipient countries in South Asia has begun to gain some momentum.

There has been technical cooperation by donor and recipient nations in such programs as construction of highways and dams, irrigation, and land reclamation for production of food. Assistance includes provision of improved seed and breeding stock, dairy equipment, and other facilities to expedite self-help in improving the nutrition.

From the inception of the Colombo Plan until the middle of 1961, assistance amounting to more than $9 billion was extended to recipient nations. A gross amount of $5,660 million was made available 1951–59 by the U.S. Government to all Colombo Plan countries for all purposes, including loans and grants for technical assistance, development programs, and as wheat and other farm products. Of this amount, $2,822 million was made available to Commonwealth countries—$320 million in loans by the Development Loan Fund, $1,179 million by the International Cooperation Administration in general economic aid and technical assistance, $155.1 million in loans by the Export-Import Bank, $951 million for agricultural products paid for in local currencies under Title I of Public Law 480, $62.8 million under Title II of Public Law 480, and $153.9 million under Title III of Public Law 480. Table 8 shows the amount and type of aid rendered each Commonwealth country in the Colombo Plan area.

Recipient countries have no central purchasing agency. They follow certain agreed principles in

TABLE 8.—*U.S. Government economic and technical assistance to Commonwealth Colombo Plan countries, fiscal years 1951–59*

Country	Public Law 480 [1]	Mutual Security Program [2]	Export-Import Bank Loans [3]	Total
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*
Ceylon	43.0	17.3		60.3
India	773.5	[4] 797.4	151.8	1,722.7
Malaya	1.5	20.0		21.5
Pakistan	348.8	[5] 664.4	3.3	1,016.5
Singapore [6]	1.1			1.1
Total [7]	1,167.9	1,499.1	155.1	2,822.1

[1] Includes titles I, II, and III. Titles II and III at Commodity Credit Corporation costs.

[2] Includes grants and loans of the International Cooperation Administration and the Development Loan Fund.

[3] On authorization basis.

[4] Includes $189.7 million loan for wheat purchases in fiscal year 1951—program administered by ICA but financed outside the Mutual Security Program. At Commodity Credit Corporation costs.

[5] Includes $67.4 million for grain purchase in fiscal year 1953—program administered by ICA but financed outside the Mutual Security Program.

[6] Also includes Sarawak and North Borneo.

[7] Does not include regional Asian Economic Development Fund contribution or regional Malaria Eradication Program.

The Colombo Plan for Co-operative Economic Development in South and South East Asia, Eighth Annual Report of the Consultative Committee, Djakarta, Indonesia, November 1959.

planning their development programs, but their purchases under grants or loans are made through their own individual purchasing missions or other channels. Similarly, the United States has no special agency or channel for administering Colombo Plan aid; it uses such regular channels set up by the Congress to handle aid or loan programs as the Agency for International Development and the Foreign Agricultural Service.

Much U.S. aid now being extended to Colombo Plan Commonwealth countries under Public Law 480 Title I programs is in the form of food grains. In the agreements signed in fiscal year 1959–60, this aid amounted to $731 million, of which 69.2 percent was for wheat and flour, 7.5 percent for rice, 6.4 percent for cotton, 14.7 percent for ocean transportation, and the balance of 2.2 percent for vegetable fats and oils, feedgrains, and tobacco. Payment is made in the currency of the recipient country, a large part of which is granted or loaned back for economic development projects. (See appendix: "Senator George D. Aiken, statement on Public Law 480 agreement with India.")

Title I agreements provide how the local currencies generated by the sale of commodities shall be used. Of the estimated $731 million paid by recipients under 1959–60 agreements, $280 million, or 38.3 percent of the total, was to have been returned as grants for use in the recipient countries' economic development projects, 42.5 percent loaned to recipient governments, 5.6 percent loaned to private enterprise, and 13.6 percent reserved for use by U.S. agencies as provided by law.

In the United States-India agreement of May 4, 1960, providing for delivery of wheat and rice to India over a 4-year period, the rupee equivalents of $538 million on grant, and $538 million on loan, are to be made available by the United States to India. These funds are being used for economic development with emphasis on construction of food storage structures, production of fertilizer, and upon irrigation, power, transportation, communications, credit institutions, public health education, and other economic projects consistent with Public Law 480.

During 1951–61, contributions by technically advanced Commonwealth nations were: Australia, $88 million; Canada, $327 million; New Zealand, $23 million; and the United Kingdom, $512 million. Included were provisions for training in the donor country of students from recipient countries; services of expert technicians and engineers to the recipient country; equipment for educational purposes, laboratory use, and disease eradication; and capital assistance in the form of minerals and other raw materials, construction machinery, component parts of industrial installations, and foodstuffs.

Though other Commonwealth countries have furnished some foodstuffs to Colombo Plan countries, Canada has been the main Commonwealth supplier of food grains on a grant or loan basis. Among Canada's contributions have been 44 million bushels of wheat and flour, supplied as gifts, and 21½ million bushels supplied on a 10-year loan basis.

Canada's regular annual contributions for all purposes amounted to $36.4 million in 1958–59 and $52 million in 1959–60. These included 2.4 million bushels of wheat and flour in 1958–59, and 7.6 million bushels in 1959–60. In addition, Canada made special gifts of wheat and flour to Ceylon, India, and Pakistan in 1957–58 and in 1958–59. These averaged about 9.6 million bushels in terms of wheat, having an average value of about $15 million annually. Also, Canada made available about 15 million bushels of wheat and flour in 1957–58 and about 6.6 million in 1958–59 on 10-year loan to India and Ceylon. Shipments to the two countries for the 2 years had a value of about $46.5 million.

Assistance by Canada under the Colombo Plan goes largely to India, Pakistan, and Ceylon. That allocated to India for fiscal year 1959–60 under the regular Canadian Colombo Plan contributions amounted to $26 million. The main items were $12 million for nonferrous metals, $2.5 million for fertilizers, $2.0 million for diesel switching locomotives, and $7.2 million for wheat. All aid is grant assistance. That allocated to Ceylon was $1 million for flour, $600,000 for aerial surveys, in addition to the previous year's allocation for this purpose, $1.6 million for powerplant and powerline equipment, and $75,000 for telecommunications equipment. Technical assistance projects, including the training of nationals from the recipient countries, are continued for Commonwealth and non-Commonwealth countries in South and Southeast Asia.

Imperial Tariff Preference

The tariff protection accorded by the Empire and Commonwealth to their own products has gone through several distinguishable stages, of which the present is the fourth.

In the first stage, from early colonial times until after the middle of the 19th century, various forms of special treatment for products traded between mother country and colonies were accepted as part of the colonial system. Imperial tariff preference, the most generally used form, meant that England levied lower import duties on goods from its colonial possessions than on goods from countries outside the Empire. The British Government in turn demanded that the colonies give preferential tariff treatment to products imported from England by completely exempting them from import duty or by charging lower rates than on goods from other countries.

The second stage from 1860 to 1919, overlapped the first and third. It was primarily characterized by tariff reform, reductions of duties, and free entry of foodstuffs and raw materials into Eng-

land. Removal of duties on imports into England from all sources meant the complete disappearance of preferential tariff treatment for colonial products.

The third stage restored duties and preferences. This was led off in 1898 by a new Canadian tariff act which included preferential treatment for British goods. Behind this was a movement for special treatment of Canadian products in the British market. In the next 4 years, New Zealand, South Africa, and Australia enacted preferential trade legislation.

In 1917 the Balfour Committee on Postwar Commercial Policy recommended that "preference should be accorded to the products and manufactures of the British oversea dominions in respect of any customs duties now or hereafter to be imimposed on imports into the United Kingdom." This recommendation was adopted by the British Government, and enunciated as British policy in April 1917. In the decade that followed, the United Kingdom, the dominions and the colonies increased their import duties and extended new and increased tariff preferences to each other. As Sir William Ashby, the noted British economist, saw it in 1929, "A whole complex of preferences had grown up between the several dominions and colonies, many of them the result of definite treaties; and their preference within the British Commonwealth of Nations has already become a considerable factor in the economic and political world situation."

Agricultural products on which the United Kingdom had granted Imperial preference prior to 1932 included tea, sugar, wines, dried fruit, various fresh fruits and vegetables, and tobacco. In 1932, at the Imperial Economic Conference, in Ottawa, bilateral agreements were signed between the following:

Canada and the United Kingdom
Canada and the Union of South Africa
Canada and the Irish Free State
Canada and Southern Rhodesia
United Kingdom and Australia
United Kingdom and New Zealand
United Kingdom and Union of South Africa
United Kingdom and Newfoundland
United Kingdom and India
United Kingdom and Southern Rhodesia

Legislation and administrative action in anticipation of the Ottawa Conference, and subsequent action implementing the agreements reached there, resulted in a systematic effort to promote expansion of certain Empire industries by assuring preferential treatment for their products in Empire markets. Great Britain obtained assurances that its industrial producers would be considered domestic competitors in Dominion markets. Reservations and other declarations in the agreements revealed also that U.K. policy was first to secure development of home production, and second, to give the dominions an expanding share of the British market for beef and veal, mutton and lamb, pork, poultry and poultry meat, eggs, butter, cheese, and other milk products.

The United Kingdom agreed to seek action in its colonies that were not parties to the Ottawa agreements to extend Imperial preference to the signatories. The dominions agreed rather generally to extend preference to British dependencies. Several agreements contained most-favored-nation provisions. After further negotiations, the dominions granted each other additional preferences on products of special interest. In some of the subsequent agreements, such as those between Canada and the West Indies, Canada and Australia, and Canada and New Zealand, concessional rates of duty were set out in certain schedules by one contracting party for the benefit of the other. These rates are lower than rates generally granted other Commonwealth countries on the same products.

Of particular interest to the United States were the reciprocal arrangements made by the United Kingdom. In return for the priority given U.K. manufactures in other Empire countries and U.K. livestock, dairy, and poultry producers in the home market, the British Government agreed to tariff preferences, import quotas, propaganda, or marketing programs favoring the following products of Empire origin:

Canadian wheat, tobacco, bacon, ham, cheese, apples, pears, dried fruit, eggs, canned milk, canned salmon, other fish products and fish, lead, zinc, and asbestos.

Australian wheat, wheat flour, barley, dried peas, mutton, lamb, beef, butter, cheese, dressed poultry, apples, pears, canned fruit, dried fruit, eggs, canned milk, dry milk, honey, oranges, grapefruit, grapes, copper, lead, zinc, asbestos, and various other products, including grain products, livestock products, and dairy products.

New Zealand mutton, lamb, beef, butter, cheese, eggs, condensed milk, other milk products, apples, pears, dried peas, and other products.

South African tobacco, sugar, wines, mutton, lamb, oranges, grapefruit, peaches, plums, grapes, apples, pears, dried fruit, canned fruit, fruit juices, maize (flat white), butter, cheese, eggs, other dairy products, peanuts, whale oil, sausage casings, and other products.

Southern Rhodesian tobacco, coffee, copper, maize (flat white), butter, cheese, eggs, oranges, grapefruit, peanuts, grain sorghums, asbestos, and other products.

Indian cotton textiles, flaxseed, peanuts, oilseed cake and meal, vegetable oils, tobacco, pulses, barley, millets, and tea. Special research, propaganda, or marketing schemes were to be worked out between the United Kingdom cotton industry and the Indian cotton grower, with cooperation of both Governments, to promote the greater use of Indian cotton in Lancashire.

No duties were levied by the United Kingdom on cotton or wool from any source. There were indications that quotas, rather than price-raising duties, would be employed to protect domestic and Commonwealth meat producers. As regarded poultry and dairy products, the United Kingdom reserved the right to review the preference situation and, in the interest of domestic producers, either to impose a duty on imports from the dominions in place of the duty-free treatment or to restrict the quantities imported from all sources.

For wheat and certain minerals, the United Kingdom specified that duties on the foreign product were conditioned upon the ability of Empire producers to continue to offer these products in the U.K. market at a price not exceeding the world price.

In the movement toward protectionism that preceded and accompanied the Ottawa Conference, the United Kingdom had placed minimum duties of 10 percent on most food items and rather higher specific rates on fruit and vegetables produced in foreign countries. Some dominions had adopted very high rates on manufactures and on horticultural and many other agricultural products. Many rates were specific rather than ad valorem. With prices of agricultural products at a low level in the 1930's, many rates in terms of ad valorem equivalents amounted to 50 percent of the value of the product, and some were as high as 100 to 400 percent.

The fourth and present stage of tariff protectionism dates from the enactment of legislation to implement the Ottawa agreements of 1932. This stage has been characterized by compromise, in which the Commonwealth has tried to reconcile the low-cost food and raw materials policy of the United Kingdom with a protective tariff policy by the older Commonwealth members and Imperial tariff preference for all. Some of the higher rates were reduced voluntarily by the United Kingdom and other countries, with approval of the Commonwealth member to which a certain margin of Imperial preference had been bound by Ottawa convention or other agreement.

Between 1935 and the beginning of World War II, the United States offered to make reciprocal trade agreements with respective Commonwealth countries. Active negotiations resulted in conclusion of the following major agreements:

United States and Canada, 1935, 1938
United States and United Kingdom, 1938

Under these three agreements and reciprocal concessions under the General Agreement on Tariffs and Trade (GATT) concluded at Geneva, in 1947, and at subsequent conferences, Commonwealth members have made important modifications in the level of duties and the margin of the Imperial preference. (See tables 9–a to 9–d.)

The United Kingdom and Canada were among the nations that gave strong and consistent support to the postwar movement to provide a code of rules for the conduct of international trade. They participated in both the preliminary meetings and the Geneva Conference of 1947 that produced the General Agreement on Tariffs and Trade. Other Commonwealth members at Geneva in 1947 which became original members of GATT were Australia, New Zealand, India, Pakistan, and Ceylon. At that time, Commonwealth countries accepted limitations on their freedom to increase the margin of preference; they also significantly reduced their margins of preference and duty rates in return for the limitations and reductions accepted by other participating countries. (See appendix: Tariff Treatment between members of Commonwealth.)

Since World War II, the Commonwealth has given less attention to the extension of tariff preferences than it did after World War I. Several outlying Commonwealth members have reduced some preferences granted the United Kingdom in their local markets. The United Kingdom has reduced or eliminated a considerable number of tariff preferences that are considered beneficial to Britain's position as an industrial trading nation.

TABLE 9-a.—*Canada: Agricultural tariff concessions obtained by the United States from British Commonwealth countries, 1960–61 Tariff Conference, Geneva*

Tariff No.	Article (abbreviated description)	Rate of duty				Imports from United States, 1960 [1] ($1,000)
		Before agreement		Under agreement		
		MFN	BP	MFN	BP	
4	Horses, n.o.p	$12.50 ea (AVE 5⁶⁄₁₀%).	$10 ea	$6.25 ea (AVE 2⅗%).	$6.25 ea	338
5(d)	Animals living, n.o.p	7½%	Free	5%	Free	103
7(b)	Edible offal, beef and veal	1¼¢ lb., 6% min.	1¼¢ lb., 6% min.	1¢ lb., 5% min.	1¢ lb., 5% min.	806
Ex 45(a) Ex 46	Bread	20%/15%	15%	7½%	7½%	n.a.
Ex 66(b)	Pretzels	15%	Free	12½%	Free	n.a.
69(b)	Hay	$1.06 ton (AVE 3⁴⁄₁₀%).	do	60¢ ton (AVE 1.9%).	do	970
72(e)	Bent grass seed, not including red-top grass seed.	7½%	do	1¢ lb. (AVE 1.9%).	do	122
	Field seeds, in packages weighing more than a pound each, namely:					
73	Blue grass	5%	do	1.3¢ lb. (AVE 3%).	do	
73	Brome grass	5%	do	⁴⁄₁₀¢ lb. (AVE 2%).	do	
73	Chewings fescue	7½%	do	⁴⁄₁₀¢ lb. (AVE 1.6%).	do	
73	Meadow fescue	5%	do	½¢ lb. (AVE 2.2%).	do	
73	Orchard grass	5%	do	1¢ lb. (AVE 4.8%).	do	
73	Red fescue	5%	do	1¢ lb. (AVE 5%).	do	
73	Rye grass	5%	do	1¼¢ lb. (AVE 2.5%).	do	743
73	Tall oat grass	7½%	do	1¼¢ lb. (AVE 7.3%).	do	
73	Wheat grass	7½%	do	⁴⁄₁₀¢ lb. (AVE 1.5%).	do	
73	Grass seeds, n.o.p	7½%	do	1¼¢ lb. (AVE 7.3%).	do	
Ex 90(b)	Prepared horseradish	20%	12½%	17½%	12½%	n.a.
90(e)	Potatoes, precooked, powder, flake or granular, with preservatives.	17½%	17½%	17½%	17½%	n.a.
Ex 109	Pecans, not shelled	1¢ lb. (AVE 2.8%).	1¢ lb	Free	Free	149
Ex 109	Pecans, shelled or not	1¢ lb. (AVE ⁹⁄₁₀%).	do	do	do	1, 127
152(f)	Grapefruit juice	10%	Free	7½%	do	[2] 2, 187

Abbreviations and footnotes:
AVE—Ad valorem equivalent.
BP—Preferential rates applicable to British Commonwealth countries.
MFN—Most-favored-nation.
n.a.—Not available.
n.o.p.—Not otherwise provided.

[1] Unless otherwise noted, data were taken from official Canadian trade statistics and converted to U.S. dollars at the rate of $1.03 Canadian per U.S. $1.

[2] U.S. exports to Canada.

General Agreement on Tariffs and Trade, Analysis of United States Negotiations, 1960–61 Tariff Conference, Geneva, U.S. Department of State Publication 7349, March 1962.

TABLE 9–b.—*Canada: Agricultural tariff concessions modified by British Commonwealth countries, 1960–61 Tariff Conference, Geneva*

Tariff No.	Article (abbreviated description)	Bound rates of duty [1]				Imports from United States, annual av. 1957–59 [2] ($1,000)
		MFN Old	MFN New	BP Old	BP New	
9	Eviscerated poultry, whole or cut, cooked or not.	12½%	12½%	12½%	12½%	[3] 2,080
	Minimum/lb		5¢		5¢	
	Maximum/lb		10¢ (AVE 16.2%).		10¢	
Ex 9	Live poultry, not otherwise provided for (excluding turkey poults, ducklings and goslings).	12½%	2¢/lb. (AVE 7%).	12½%	2¢/lb	[3] 171
9a	Quails, partridges, and squabs, dead or alive, n.o.p.[4]	20%	12½%	10%	10%	n.a.
152(e)	Pineapple juice	10%	7½%	10% (Free ALA).	7½% (Free ALA).	1,253
Ex 105g	Pineapple, mint-flavored, canned	25%	2¢ per lb.[5] (AVE 12%).	20%	1¢ per lb.[5]	[6] n.s.s.

[1] Rates are expressed in percent ad valorem or in Canadian cents per pound. The BP rates indicated are British Preferential rates accorded by Canada to countries of the British Commonwealth.

[2] Data taken from official Canadian trade statistics and converted to U.S. dollars at the rate of $1.038 Canadian for $1.00 U.S. This is the average annual rate for the 3-year period 1957/59.

[3] Estimate.

[4] This item was not previously bound under GATT.

[5] Will enter at this new concession rate under new tariff item No. 105k.

[6] Import statistics on the individual concession items are not available for publication because the trade of these items is each in the hands of less than 3 importers.

Abbreviations:
MFN—Most-favored-nation.
BP—British Preferential.
AVE—Ad valorem equivalent.
n.a.—Not available.
n.s.s.—Not separately specified.
ALA—Australia.

General Agreement on Tariffs and Trade, Analysis of United States Negotiations, 1960–61 Tariff Conference, Geneva, U.S. Department of State Publication 7349, March 1962.

TABLE 9–c.—*New Zealand: Agricultural tariff concessions obtained by the United States from British Commonwealth countries, 1960–61 Tariff Conference, Geneva*

New Tariff No.[1]	Article (abbreviated description)	Rate of duty [2]		Imports from United States, 1960 [3] ($1,000)
		Before agreement	Under agreement	
061.900.2	Dry glucose	3%	Free	58
121.020.0	Unmanufactured tobacco for manufacturing tobacco, cigarettes, and snuff in a bonded tobacco factory.	3s. 9d./lb	3s. 4d./lb	4,410

[1] The revised New Zealand tariff is scheduled to go into effect July 1, 1962.

[2] Rates are expressed in percent ad valorem except for unmanufactured tobacco.

[3] Data were taken from official New Zealand trade statistics and converted to U.S. dollars at the rate of £1=$2.80.

General Agreement on Tariffs and Trade, Analysis of United States Negotiations, 1960–61 Tariff Conference, Geneva, U.S. Department of State Publication 7349, March 1962.

Since their first GATT tariff concessions, effective January 1, 1948, Commonwealth countries have made only slight reductions in their tariff preferential margins affecting trade in agricultural products; under waivers or Article XXIII procedures they have made certain increases. (See tables 10–a to 10–s.)

Preferential trade ties with Commonwealth members or their territories have not been abandoned by nations that have achieved independence

Table 9–d.—*United Kingdom: Agricultural tariff concessions obtained by the United States from British Commonwealth countries, 1960–61 Tariff Conference, Geneva*

Tariff No.	Article (abbreviated description)	Rate of duty [1]				Imports from United States 1959 [3]
		Before agreement [2]		Under agreement		
		Pref.	MFN	Pref.	MFN	($1,000)
07.05 ex (D)	Beans, dried, white (including haricot), other than butter beans.	Free	10%	Free	8%	10, 346
15.16(B)	Vegetable waxes, other than carnauba, candelilla and ouricury.	do	10%	do	8%	6
15.17	Residues resulting from the treatment of fatty substances or animal or vegetable waxes.	do	10%	do	8%	203

[1] Rates are expressed in percent ad valorem.

[2] MFN (most-favored-nation) rates apply to imports from the United States and most other countries. Preferential rates apply to imports from British Commonwealth sources.

[3] Data taken from official U.K. trade statistics, converted at rate of $2.80 (U.S.) per British pound.

General Agreement on Tariffs and Trade, Analysis of United States Negotiations, 1960–61 Tariff Conference, Geneva, U.S. Department of State Publication 7349, March 1962.

within the Commonwealth. Nor have preferential relations been automatically terminated in the case of nations that seceded from the Commonwealth. Although Ireland has severed all titular ties of sovereignty with the British Crown, it continues to claim a tariff preference for its products in the United Kingdom, Canada, and other parts of the Commonwealth. It also grants preferential tariff treatment on products imported from the Commonwealth. Irish import duties are generally quite high, and those on foreign products are often 50 percent above those paid on U.K. products.

Burma, though no longer a Commonwealth country, retains reciprocal trade privileges with India, and receives preferential treatment in the United Kingdom.

Preferences are often shown for imports from adjoining or nearby Commonwealth territories in ways other than the usual preferential tariffs for products of Commonwealth countries.

Table 10–a.—*Australia: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]					
		Most-favored Commonwealth nation			Most-favored foreign nation		
		s.	*d.*	*Percent*	*s.*	*d.*	*Percent*
Wheat	100 lb.	Free			2		
Wheat flour	do	Free			2	6	
Corn	do	1	10½		3	6	
Cotton, raw	Pound		[2] 1½			[2] 1½	
Tobacco, unmanufactured, flue-cured, unstemmed	do	[3] 8	7		[3] 8	7	
Soybeans	100 lb.	1	1½		1	6	
Lard	Pound		2¼			4	
Tallow, edible	do		2¼			4	
Poultry, eviscerated [4]	do		1½	5		3	10
Poultry meat, canned [4]	do		2¼	5		6	10
Apples	do	2	3			6	
Raisins	do		4½			6	
Oranges, fresh	do	Free				1	

[1] 1 pound, Australian, equals $2.23 in U.S. currency (average of New York buying rates, 1961). 1 shilling equals 11.15 cents; 1 penny equals 0.93 cent.

[2] Rate applies only to spinners who fail to take up domestic cotton quotas. Other cotton imported at bylaw "free" rate.

[3] If a specified percent of the tobacco used in cigarettes is domestic leaf (35 percent, July 1, 1961; raised to 43 percent July 1, 1962) the rate is 7s. 2d. per lb. Rhodesia-Nyasaland Federation is granted a preference of 9d. or about 8.4 U.S. cents per lb.

[4] Both specific and ad valorem primage duties are collected on the imports from foreign countries and Commonwealth countries, except those from New Zealand which are exempt from the 5 percent primage duty.

Table 10–b.—*British Guiana: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		BWI$	*Percent*	*BWI$*	*Percent*
Wheat	100 lb	0. 25		0. 50	
Wheat flour	do	. 85		1. 09	
Corn	do	. 50		1. 00	
Cotton, raw			10		26
Tobacco, unmanufactured	Pound	4. 60		4. 60	
Soybeans			10		26
Oilseed cake and meal	100 lb	. 25		. 40	
Lard	do	1. 80		3. 30	
Tallow, refined	do	1. 80		3. 30	
Beef or veal, fresh	do	4. 00		4. 00	
Poultry, killed or dressed	do	4. 00		6. 00	
Pork:					
Pickled in brine	do	. 50		1. 00	
Dry salted	do	. 50		1. 00	
Apples, fresh	160 lb	Free		. 50	
Oranges, fresh			5		5
Fruit, dried, but not artificially dehydrated	Pound		15		30
Milk:					
Evaporated, sweetened or unsweetened			2½		5
Condensed, sweetened			5		15
Dry			2½		5

[1] 1 British Guiana dollar (BWI$) equals 58.3 cents U.S. currency.

Table 10–c.—*British Honduras: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		BH$	*Percent*	*BH$*	*Percent*
Wheat	112 lb		Free		10
Wheat flour	100 lb	0.13		0.38	
Corn	112 lb		Free		10
Rice	do	Free		0.25	
Cotton, raw		do		Free	
Tobacco, unmanufactured	Pound	1.12		1.42	
Beans and peas, whole or split	100 lb	Free		0.50	
Pulses, other			Free		10
Lard	100 lb	Free		7.00	
Meat:					
Fresh, including poultry			Free		5
Beef and pork, pickled or salted	100 lb	0.60		1.20	
Canned			10		20
Fruit:					
Fresh			Free		5
Dried			10		15
Milk, condensed, evaporated or dry			Free		5

[1] 1 British Honduran dollar equals 70 cents in U.S. currency.

Table 10–d.—*Canada: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		Can $	*Percent*	*Can $*	*Percent*
Wheat	Bushel	Free		0.12	
Wheat flour	Barrel	do		0.50	
Corn	Bushel	do		0.08	
Rice, cleaned, when in packages weighing 2 lb. each or less	100 lb	0.50		0.90	
Cotton, raw		Free		Free	
Tobacco, unmanufactured:					
Flue-cured, unstemmed	Pound	do		0.20	
Flue-cured, stemmed	do	do		0.30	
Soybeans	do	do		Free	
Beef and veal, fresh	do	0.03		0.03	
Pork:					
Fresh	do	0.01¼		0.01¼	
Canned	do		Free		25
Lard	do	Free		0.01¾	
Poultry, eviscerated			[2] 12½		[2] 12½
Apples, fresh	Pound	Free		0.00¼	
Peaches, fresh	do	do		[3] 0.01½	
Oranges, fresh		do		Free	
Orange juice			Free		7½
Pineapple juice			Free		7½
Raisins	Pound	Free		0.03	
Carrots	do	do		[4] 0.01	

[1] 1 Canadian dollar equals $.98 in U.S. currency (average, 1961).
[2] Not less than 0.05, nor more than 0.10 per lb.
[3] For 14 weeks. During the remainder of the year the duty is 10 percent.
[4] For 40 weeks. During the remainder of the year imports are free of duty.

Table 10–e.—*Ceylon: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		Cey Rs. c.	*Percent*	*Cey Rs. c.*	*Percent*
Wheat	112 lb	0 50		1 0	
Wheat flour	do	Free		2 0	
Corn, yellow			Free		25
Cotton, raw			Free		5
Tobacco, unmanufactured: Flue-cured	Pound	36 10		38 35	
Soybeans, for crushing			Free		30
Lard			Free		17½
Tallow			2½		12½
Poultry, eviscerated, frozen			15		25
Apples, fresh:					
Sept. 1 to Mar. 31			25		30
April 1 to Aug. 31			25		35
Raisins			25		35
Oranges, fresh:					
Nov. 1 to June 30			30		35
July 1 to Oct. 31			30		40

[1] 1 rupee equals 21.0 cents in U.S. currency (average of 1961).

TABLE 10–f.—*Federation of Malaya: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		M$	*Percent*	*M$*	*Percent*
Wheat		Free		Free	
Wheat flour		do		do	
Corn, yellow		do		do	
Tobacco, unmanufactured	Pound	7.40		7.60	
Lard	do	0.09		0.09	
Tallow, edible	do	0.09		0.09	
Poultry, canned			20		20
Apples	Pound	0.10		0.10	
Raisins	do	0.10		0.10	
Oranges, fresh	do	0.10		0.10	
Milk, condensed, or dry	100 lbs	Free		4.00	

[1] 1 Malayan dollar equals 32.7 cents in U.S. currency (average of 1961).

TABLE 10–g.—*Ghana: Import duties on selected farm products as of July 1961* [1]

Commodity	Unit	Rates of duty [2]	
		£ *s.* *d.*	*Percent*
Wheat			25
Wheat flour		Free	
Rice		Free	
Corn		Free	
Cotton, raw			25
Tobacco, unmanufactured [3]	Pound	3 0 0	
Lard		Free	
Meats, all kinds		Free	
Fruit:			
Dried		Free	
Fresh			25
Milk and cream		Free	

[1] Ghana does not grant preferential tariff treatment to Commonwealth countries.
[2] 1 pound sterling equals $2.80 in U.S. currency.
[3] Budget speech, July 7, 1961.

TABLE 10–h.—*Hong Kong: Import duties on selected farm products as of July 1961* [1]

Commodity	Unit	Rates of duty [2]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		HK$	*Percent*	*HK$*	*Percent*
Tobacco, unmanufactured:					
(1) Unstripped:					
(a) 10 percent or more of moisture	Pound	5. 45		5. 75	
(b) Less than 10 percent of moisture	do	5. 48		5. 78	
(2) Stripped:					
(a) 10 percent or more of moisture	do	5. 60		5. 90	
(b) Less than 10 percent of moisture	do	5. 85		6. 05	

[1] Hong Kong has no import duties on agricultural products except alcoholic liquors and tobacco.
[2] 1 Hong Kong dollar equals 17.5 cents in U.S. currency.

TABLE 10–i.—*India: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		RS. A. P.	*Percent*	*RS. A. P.*	*Percent*
Wheat		Free		Free	
Other grain, as grain, including pulses		Free		Free	
Wheat flour		Free		Free	
Cotton, raw	Pound	2 1½		2 1½	
Tobacco, unmanufactured: Flue-cured	do	15 0 0		15 0 0	
Lard			31¼		31¼
Tallow		Free		Free	
Meat:					
Frozen			20		20
Canned			20		20
Apples			24		30
Raisins			25⅕		55
Oranges, fresh			25		37½
Milk:					
Condensed			25		25
Dry skim		Free		Free	

[1] 1 rupee equals 21 cents in U.S. currency (average of 1961). 1 anna equals 1.3 cents.

TABLE 10–j.—*Jamaica: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]					
		Most-favored Commonwealth nation			Most-favored foreign nation		
		s.	*d.*	*Percent*	*s.*	*d.*	*Percent*
Wheat		Free			Free		
Wheat flour	196 lb	9	0		12	0	
Corn	100 lb	2	0		3	0	
Rice, not in the husk	do	2	3		3	0	
Cotton, raw				10			15
Tobacco, unmanufactured	Pound	5	3		5	3	
Soybeans				6			9
Oilseed cake and meal		Free			Free		
Lard	100 lb	6	3		12	6	
Hams	do	4	2		8	4	
Salted pork	do	Free			4	2	
Poultry, killed or dressed				15			30
Apples				10			20
Fruit, dried				15			30
Milk:							
Evaporated or condensed	48 lb	1	6		[2] 3	0	
Dry				15			25

[1] 1 Jamaican pound equals $2.80 in U.S. currency. 1 shilling equals approximately 14 cents; 1 penny equals approximately 1.2 cents.
[2] Or 1s. 6d. plus 10 percent ad valorem, whichever is the higher.

TABLE 10-k—*Kenya, Tanganyika, and Uganda: Import duties on selected farm products as of July 1961* [1]

Commodity	Unit	Rates of duty [2]	
		EA Sh. Ct.	*Percent*
Wheat and wheat flour		Free [3]	
Rice in the grain	100 lb.	[4] 10 00	
Corn (grain or meal)		Free [5]	
Peas, beans, and soya beans, dry		Free	
Fruit, fresh		Free	
Currants, dried (without sugar)	100 lb.	1 75	
Other dried fruits			12½
Sugar, refined or unrefined, including jaggery	100 lb.	[6] 11 00	
Vegetables, fresh		Free	
Onions, not preserved	100 lb.	[7] 6 00	
Other fruit and vegetables, including garlic			25
Tomato puree			33⅓
Hops, hop extract, hop oil, and malt			12½
Pyrethrum flowers		Free	
Coffee, raw		Free	
Cocoa and chocolate (other than confectionery)			12½
Tea	Pound	1 00	
Tobacco, unmanufactured	do	14 50	
Cotton, raw		Free	
Meat, frozen or refrigerated		Free [8]	
Bacon, ham, butter, and cheese			33⅓
Milk, condensed or dried	100 lb.	[7] 16 00	
Cream	Pound	[7] 60	
Ghee, being clarified butter, margarine, and vegetable fats, compounds and mixtures.	do	[7] 30	

[1] Imperial preferential tariff treatment is not granted to Commonwealth countries.

Native foodstuffs and articles of native manufacture such as mats, utensils, etc., grown, produced, or manufactured by the natives of the Nyasaland Protectorate enter Kenya free of duty.

[2] 1 British East African shilling equals approximately 14 cents in U.S. currency.

[3] Rate of duty: 25 percent ad valorem.

[4] By Orders in Council made by the Governments of Kenya, Tanganyika, and Uganda.

[5] Rate of duty: 3 shillings and 50 cents per 100 lb., Kenya only.

[6] Excess rate of 12 shillings and 32 cents per 100 lb.

[7] Or 25 percent ad valorem, whichever is the greater.

[8] Rate of duty: 33⅓ percent ad valorem, Kenya only.

TABLE 10-l.—*New Zealand: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]					
		Most-favored Commonwealth nation			Most-favored foreign nation		
		s.	*d.*	*Percent*	*s.*	*d.*	*Percent*
Tobacco, unmanufactured, flue-cured	Pound	[2] 3	9		[2] 3	9	
Cotton, raw				3			3
Corn	100 lb.	[3] 1	6		[3] 2		
Soybeans	do	2			2		
Lard				[3] 20			[3] 45
Tallow				[3] 20			[3] 45
Poultry, eviscerated				[3] 10			[3] 45
Apples, fresh	Pound		[3] 1			[3] 1½	
Raisins	do	Free				¾	
Oranges, fresh	do	Free				½	

[1] 1 pound, New Zealand, equals $2.77 in U.S. currency (average of 1961). 1 shilling equals 13.9 cents; 1 penny equals approximately 1.2 cents.

[2] Effective July 1, 1962, 3s. 4d.

[3] Plus surtax at the rate of nine-fortieths of the amount of duty.

TABLE 10–m.—*Nigeria: Import duties on selected farm products as of July 1961* [1]

Commodity	Unit	Rates of duty [2]	
		s. *d.*	*Percent*
Wheat		Free	
Wheat flour		Free	
Rice		Free	
Corn			20
Cotton, raw			20
Tobacco, unmanufactured:			
For manufacture of cigarettes	Pound	15 3	
Other	do	15 0	
Lard	do	0 4	
Tallow, edible	do	0 4	
Meats, canned, including poultry meat		0 4	
Fruit:			
Fresh		Free	
Dried		Free	
Milk:			
Canned		Free	
Dried		Free	

[1] Nigeria grants no tariff preferences to Commonwealth countries.
[2] Specific rates of duty are stated in the currency of the United Kingdom. 1 pound sterling equals $2.80 in U.S. currency. A shilling equals 14 cents; 1 penny equals approximately 1.2 cents.

TABLE 10–n.—*Pakistan: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		PRs. a. p.	*Percent*	*PRs. a. p.*	*Percent*
Wheat		Free		Free	
Other grain, as grain; including pulses		Free		Free	
Wheat flour		Free		Free	
Cotton, raw	Pound	Free		2	
Tobacco, unmanufactured, flue-cured	do	([2])		9	
Lard, not canned or bottled			30		30
Tallow		Free		Free	
Meat, including poultry:					
Canned			20		20
Frozen			20		20
Apples			24		30
Raisins:					
Sultanas			20		30
Other			25		35
Oranges, fresh			25		35
Milk:					
Condensed			Free		25
Dry skim		Free		Free	

[1] 1 Pakistan rupee equals 21 cents U.S. currency. 1 anna equals 1.3 cents.
[2] Tobacco, unmanufactured, product of India is chargeable with the rate of excise tax leviable on similar tobacco of Pakistan.

Table 10–o.—*Republic of South Africa: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]							
		Most-favored Commonwealth nation				Most-favored foreign nation			
		SA£	*s.*	*d.*	*Percent*	*SA£*	*s.*	*d.*	*Percent*
Wheat	100 lb	0	2	8		0	2	8	
Wheat flour	do	0	5	8		0	5	8	
Corn	do	0	2	0		0	2	0	
Cotton, raw					Free				Free
Tobacco, unmanufactured	Pound	0	3	6		0	3	6	
Soybeans	100 lb	0	1	10		0	1	10	
Lard	Pound	0	0	2½		0	0	2½	
Tallow, edible	do	0	0	2½		0	0	2½	
Meat, including poultry:									
Fresh, frozen or chilled	do	0	0	3		0	0	4	
Canned pork	do	0	0	1		0	0	1½	
Apples					Free				5
Raisins	Pound	0	0	3		0	0	3	
Oranges, fresh					5				5
Milk:									
Unsweetened, condensed	100 lb	0	12	6		0	12	6	
Sweetened, condensed [2]	do	0	15	0		0	15	0	
Nonfat dry	Pound	0	0	4½		0	0	4½	

[1] 1 Republic of South Africa pound equals $2.80 U.S. currency. 1 shilling equals 14 cents; 1 penny equals approximately 1.2 cents.
[2] Plus a suspended duty per 100 lbs. of 2s. 6d. for all countries.

Table 10–p.—*Rhodesia and Nyasaland Federation: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]							
		Most-favored Commonwealth nation				Most-favored foreign nation			
		R£	*s.*	*d.*	*Percent*	*R£*	*s.*	*d.*	*Percent*
Wheat					Free				5
Wheat flour	100 lb	Free				0	5	0	
Corn					Free				Free
Rice					5				10
Cotton, raw					Free				Free
Tobacco, unmanufactured	Pound	0	5	0		0	5	0	
Peas, beans and other legumes, dry					Free				Free
Lard	Pound	0	0	2		0	0	3	
Tallow					Free				5
Meat, including poultry:									
Fresh, frozen or chilled	Pound	0	0	3		0	0	3	
Canned					10				20
Apples, fresh, when imported January to March	Pound	0	0	2		0	0	2	
Citrus, fresh, when imported May to October	do	0	0	2		0	0	2	
Milk:									
Full cream, condensed	do	Free				0	0	1	
Dry skim	do	Free				0	0	1	

[1] Specific rates are stated in currency of the Federation of Rhodesia and Nyasaland; 1 pound equals $2.80 in U.S currency. 1 shilling equals 14 cents; 1 penny equals approximately 1.2 cents.

TABLE 10-q.—*Singapore: Import duties on selected farm products as of July 1961* [1]

Commodity	Unit	Rates of duty [2]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		M$	*Percent*	*M$*	*Percent*
Tobacco, unmanufactured	Pound	5.80		6.00	

[1] Includes the territories of Penang and Malacca. Agricultural products are free of duty except alcoholic liquors and tobacco.
[2] 1 Singapore (M$) dollar equals 32.8 cents, U.S. currency.

TABLE 10-r.—*Trinidad and Tobago: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]			
		Most-favored Commonwealth nation		Most-favored foreign nation	
		BWI$	*Percent*	*BWI$*	*Percent*
Wheat	100 lb	0.30		0.60	
Wheat flour	196 lb	Free		0.48	
Corn	100 lb	0.36		0.72	
Rice	do	0.24		0.96	
Cotton, raw		Free		Free	
Tobacco, unmanufactured, containing less than 25 percent of moisture*	Pound	2.26		2.26	
Beans and peas, whole or split*	100 lb	0.24		0.48	
Lard	Pound	[2] 0.03		0.11	
Beef and pork, pickled or salted	100 lb	0.25		1.00	
Meat, canned*	do	1.00		2.00	
Poultry, fresh	do	Free		0.50	
Apples, fresh*	160 lb	Free		0.50	
Fruit, fresh, other			Free		5
Fruit, dried*	Pound	0.02		0.04	
Milk:					
Condensed or otherwise preserved, 8 percent or more of butterfat	42 lb	0.13		0.52	
Condensed or otherwise preserved, less than 8 percent butterfat*	48 lb	2.40		4.80	

[1] 1 Trinidad dollar (BWI$) equals 58.3 cents U.S. currency.
[2] For use in biscuit factory 72 cents per 100 lbs.
* A surtax of 15 percent is imposed on the duties payable on all the items marked with an asterisk.

Table 10-s.—*United Kingdom: Import duties on selected farm products as of July 1961*

Commodity	Unit	Rates of duty [1]							
		Most-favored Commonwealth nation				Most-favored foreign nation			
		£	s.	d.	*Percent*	£	s.	d.	*Percent*
Wheat		Free				Free			
Wheat flour					Free				10
Corn, other than flat white		Free				Free			
Rice, husked		Free				Free			
Cotton, raw		Free				Free			
Tobacco, unmanufactured, flue-cured, unstripped containing 10 percent or more of moisture	Pound	[2] 3	2	11½		[2] 3	4	6	
Soybeans					Free				5
Soybean oil					Free				15
Lard		Free				Free			
Tallow					Free				10
Hams, whole uncanned		Free				Free			
Pork luncheon meat, canned					Free				5
Beef and veal offal, fresh, chilled or frozen:									
Sweetbread and tongues					Free				Free
Other					Free				20
Poultry, eviscerated	Pound	Free						3	
Apples:									
From April 16 to Aug. 15	112 lb	Free					4	6	
From Aug. 16 to Apr. 15		Free				Free			
Cherries, fresh:									
From June 1 to Aug. 15	do	Free				1	17	4	
From Aug. 16 to May 31					Free				10
Plums, fresh:									
From July 1 to Oct. 31	do	Free					16	9	
From Dec. 1 to Mar. 31	do	Free					9	4	
During other periods					Free				10
Oranges, fresh:									
From Apr. 1 to Nov. 30	do	Free					3	6	
From Dec. 1 to Mar. 31					Free				10
Grapefruit juice, unsweetened					Free				Free
Orange juice, unsweetened					Free				Free
Raisins					Free				15

[1] 1 pound sterling equals $2.80 U.S. currency (average of 1961). 1 shilling equals 14 cents; 1 penny equals 1.17 U.S. cents.
[2] Also 10 percent surcharge.

The West Indies territories give priority in their respective markets to each other's products, particularly fats and oils, rice, and sugar, and tend to exclude these imports from other sources. They also have a policy of developing and expanding trade with Canada.

Kenya, Tanganyika, and Uganda have arrangements giving priority to several products produced within the three East African territories in order to protect their respective producers. For example, wheat requirements of the area are drawn mainly from Kenya and are supplemented by imports from overseas only if requirements cannot be met within the three territories. Imports are coordinated by the East African Common Services Organization.

In recent years, Commonwealth countries have renegotiated certain of their tariff schedules. Two principal changes in policy are involved. First, a country may be allowed to reduce its margins of tariff preference on industrial raw materials, component parts, and plant equipment from Commonwealth countries in order to lower its production costs. Second, a country may be permitted to raise the duty on manufactured products from Commonwealth sources in order to promote development of domestic manufactures.

Australia led the revisionist movement and has negotiated eight such agreements. For example, prolonged tariff negotiations took place during 1959 between Australia and Canada which resulted in a new trade agreement announced at Ottawa in February 1960. This agreement renewed and made some significant changes in the 1931 preferential arrangement between Canada and Australia. It fixed rates on a number of commodities and generally bound rates and margins of preference for each other's products not bound in 1931. It obliged Australia to grant Canada the same preferential treatment granted the United Kingdom. Finally, it authorized Australia to modify or eliminate bound margins of

preferences, after consultation with Canada, on basic industrial items where such action was important to the Australian economy.

A new agreement between Australia and the United Kingdom was concluded in 1957. Under it, Australia was free to modify the existing preferential tariff margins accorded a list of industrial items. Such modifications, announced in 1960 for certain schedules, showed limited changes in the form of reduced rates on non-Commonwealth products and increased rates on products of Commonwealth origin. On the whole the changes might be considered moderate steps toward holding down production costs in Australia and giving added protection to high-cost Australian industry. Many rates in the most-favored-nation or general category are still in the range of 45 to 50 percent levies. Therefore, it must be assumed that the new duties, whether increases in the Commonwealth rate or reduction in the non-Commonwealth rate, are designed more to prevent markups in prices of Commonwealth products than to admit foreign products in competition with domestic ones.

Agricultural preferences, on the other hand, were affirmed. The United Kingdom agreed to maintain existing margins of preference on 42 specified agricultural items of interest to Australia.

Australia undertook to maintain preferential treatment on a reciprocal basis with the dependent territories for whose international relations the United Kingdom was responsible. The U.K. undertook to invite those territories to maintain their preferential tariff treatment for imports of Australian produce.

A similar agreement was concluded between the United Kingdom and New Zealand in 1958. In it the United Kingdom agreed to permit New Zealand to reduce its margin of tariff preference up to 50 percent.

New agreements negotiated by the Federation of Rhodesia and Nyasaland show an opposite trend.

The 1955 and 1959 agreements between the Federation and Australia increased tariff preferences for Comonwealth products; the 1955 agreement extended preferential treatment to Federation territory that previously had equal tariff treatment. These agreements substantially increased the area of preferential tariff treatment between the two countries. They placed leading Australian products that might be imported into the Federation on a tariff basis as favorable as that for products from the United Kingdom or the Union of South Africa, and more favorable than the products from countries other than the United Kingdom or the Union of South Africa.

In the 1959 agreement the Federation granted concessions on 15 Australian export items, including malt barley and various biscuits and pastries. Australia agreed to transfer some Federation products from the most-favored-foreign-nation schedule to British preferential tariff treatment. These items included certain essential oils, unsweetened lime juice, and passionfruit pulp.

Under the 1955 agreement, many of Australia's agricultural products were granted more favorable treatment by the Federation than products of non-Commonwealth countries. Free entry was guaranteed for Australian wheat, tallow, condensed whole milk, butter, mutton, lamb, and important farm machinery items and supplies. More than 80 other Australian commodities or products were accorded most-favored-nation treatment.

Australia granted the Federation a preferential margin on unmanufactured tobacco, equivalent to 8.4 U.S. cents per pound (the margin it previously granted only to the Union of South Africa). This reduced Australia's rate of duty on Federation tobacco, and increased the margin between the duty on tobacco from the Federation and that from foreign countries.

Agreements of the same general character have been concluded between the Federation of Rhodesia and Nyasaland and the Republic of South Africa. The second became effective July 2, 1960. Under it, goods entering the Federation from South Africa (other than certain farm products) are given tariff treatment identical with that for goods from self-governing Commonwealth countries other than the United Kingdom. It places almost half of South Africa's total exports to the Federation on a tariff rate basis more favorable than that accorded by the Federation to most-favored-nation countries.

Each country gives reciprocal duty-free treatment to specified agricultural and related products from the other country. The agricultural ministry of the importing country, however, retains the authority to issue or deny a permit of entry for these products. Both countries claim this authority with respect to virtually all agricultural products from abroad, whether or not exchange restrictions have been lifted.

South Africa gave two tobacco concessions in return for the special treatment assured to half of its exports to the Federation. It granted duty-free entry for 2 million pounds of flue-cured tobacco from the Federation, and also a small preferential margin in the duty rate on manufactured tobacco.

The agreements between the Federation and Australia, and between the Federation and the Union, extended the preferential system to Nyasaland and parts of Northern Rhodesia. Formerly no Empire or Commonwealth products received preferential treatment in these areas because of a prohibition in the Congo Basin Agreement of 1885, confirmed at the Paris Peace Conference in 1919. The Government of Rhodesia and Nyasaland has sought approval of GATT members to waive the Congo equal-treatment provisions for Northern

Rhodesia and Nyasaland. However, some countries, including the United States, have not agreed to renunciation of any of their rights under those provisions.

British countries which are covered by the Congo Basin provisions, and are thus precluded from giving Imperial preference, are Kenya, Uganda, Nyasaland, Tanganyika, Zanzibar, and part of Northern Rhodesia.

Relations With European Customs Groups

The United Kingdom's application for membership was officially presented to the European Economic Community (EEC) on August 10, 1961. Would this move involve a reorientation of Britain's trade relations with the Commonwealth? How far might the effects on agriculture and agricultural trade extend? Certainly, serious economic adjustment problems would result for much of Commonwealth agriculture. And perhaps no less serious are the problems that could be created for agriculture in non-Commonwealth countries, including some sectors of U.S. agriculture. (See appendix: "Position of the U.K. Government Regarding Entry into Common Market.")

U.K. Policy

Some rather broad political and economic factors back of the British decision to apply for membership in the EEC overrode the agricultural considerations that tended to obstruct earlier U.K. membership in the EEC. By adhesion to the Rome Treaty the British Government could add political strength to free Europe and at the same time strengthen her own economy.

The United Kingdom in recent years was not holding her share of the Commonwealth market, nor keeping pace with EEC economic growth. Other Commonwealth members, especially the older ones, were becoming industrialized and also were tending to obtain a growing percentage of their imports of manufactured products from countries other than the United Kingdom. Exports of EEC members to each other rose in recent years at an average annual rate of 22 percent, compared with a rise in total EEC exports of only 11 percent. This, together with the rise in United Kingdom exports to Western Europe from 26 percent of total U.K. exports in 1958 to 32 percent in 1961, indicated the possibility of an expanding market if the U.K. should join the Community, and the new vigor in the British economy that could come from increased competition.

The United Kingdom and other leading Commonwealth countries were in agreement with the provision in the General Agreement on Tariffs and Trade that was negotiated at Geneva in 1947 recognizing the desirability of customs unions or free trade areas (Art. 24). Public opinion in the Commonwealth reacted favorably toward Secretary of State George G. Marshall's proposal for a European recovery program, and to subsequent suggestions that European countries should remove the trade barriers among each other and thereby create a market comparable in size to that of the United States.

Step by step from 1948 on, Western European countries developed in the direction of greater political and economic unity, though at times not in the fashion envisaged by the drafters of either the GATT or the Marshall plan. The first step and a highly important one, was the establishment in 1948 of the OEEC, the Organization for European Economic Cooperation. Within the framework of OEEC, 18 European countries, including the U.K., learned to work together toward a common solution of Europe's economic problems.

The United Kingdom was in accord with the broader OEEC proposals. It helped to establish the European Payments Union and, though having some balance-of-payment reverses, cooperated with other OEEC members over the years to liberalize exchange controls and make their currencies largely convertible among each other. It had little interest, however, in plans discussed in OEEC committees for rationalizing various sectors of European agriculture or industry and insulating them from world competition.

When in 1952, France, Germany, Italy, the Netherlands, Belgium, and Luxembourg established the Coal and Steel Community, the United Kingdom did not join. When the British Government was invited to participate in discussions with the six members of the Coal and Steel Community with a view to establishing the EEC, it declined.

The six, without Britain, then proceeded to draft a common market treaty for themselves alone, which was completed and signed at Rome, March 25, 1957. Recognizing the serious intent of the six the British Government sought, through the OEEC, to create a free trade association which would encompass all OEEC members and would not interfere with the EEC. Agreement was not reached on a scheme of this breadth. A more limited scheme was developed and reported at Stockholm, July 1959, in which seven countries, none of them EEC members, would establish the Free Trade Association (FTA). After consulting the other Commonwealth members, the United Kingdom decided it could join this association. The convention establishing FTA was signed in the latter part of 1959 and became effective May 3, 1960.

Comparison of FTA and EEC

In one important aspect the two organizations are alike. Each provides that member countries shall gradually by a series of stages over a 10-year period eliminate import duties and quantitative restrictions with respect to industrial products of other members, and shall give special considera-

tion to agriculture. Important differences exist in the area of agriculture between the two organizations, and between the consequences for agricultural trade of U.K. membership in FTA, on the one hand, and EEC, on the other.

The FTA convention, while not subjecting internal agricultural trade among member countries to the same rules as will govern trade in other products, provides that special arrangements should be made to facilitate expansion of trade in farm products, which will provide reasonable reciprocity to those member countries whose economies depend to a great extent on agricultural exports. The EEC Treaty provides that import duties and quotas as among members shall be eliminated for agricultural products along with those on nonagricultural products.

FTA members may retain their own agricultural programs, such as price support measures. The Treaty of Rome, on the other hand, provides that a Community agricultural policy including common prices shall be established among Member States. Its purpose is—

> *a.* To increase agricultural productivity by developing technical progress and insuring the rational development of agricultural production and the optimum utilization of the factors of production, particularly labor;
> *b.* To insure a fair standard of living for the agricultural population, particularly by the increasing of the earnings of persons engaged in agriculture;
> *c.* To stabilize markets;
> *d.* To guarantee regular supplies; and
> *e.* To insure reasonable prices in supplies to consumers.

With respect to trade with nonmember countries, FTA allowed each member to retain complete freedom on duties or other controls it might impose, and also on the administration of tariffs or other controls. But EEC members must adopt a common external tariff and a common import control system for agricultural products.

Effects of U.K. Membership in FTA

United Kingdom and other Commonwealth suppliers of farm products in the U.K. market are reconciled to increased competition in that market as a result of United Kingdom participation in the FTA. The position of British farmers will probably be little changed from what it would have been had there been no FTA Convention, since their prices have not been changed by the agreement, and they produce less than 60 percent of domestic food requirements.

The members of the FTA, in addition to the United Kingdom, are: Denmark, Norway, Sweden, Austria, Switzerland, and Portugal. At the beginning, the United Kingdom made clear that agriculture would have to be a major exception in the FTA. Agricultural producers in the United Kingdom and the Commonwealth were assured that free trade under FTA would not apply to foodstuffs, whether in the raw, manufactured, or processed state, or for man or beast. However, the United Kingdom subsequently indicated that it would, if necessary, make concessions on agricultural products.

The only important agricultural concessions by the U.K. under FTA have been made to Denmark. These two countries made an agreement whereby the U.K. would remove its tariffs on Danish bacon, canned pork luncheon meat, Danablue cheese, Mycella cheese, and canned cream. The U.K. also agreed to keep its egg and milk production within the limits of domestic demand, and to operate its bacon subsidies in a way that would not nullify the duty-free entry of bacon.

The pattern of cheese imports into the United Kingdom from Commonwealth and FTA countries indicates that Commonwealth countries will not need to reduce their sales to that market because of U.K. membership in FTA. New Zealand cheese can apparently be sold on the basis of its quality and price in competition with similar cheeses from any other source. Danish and Canadian cheeses, on the other hand, have been selling at prices above that of New Zealand cheese, apparently as a result of special consumer preferences.

With respect to the bacon and ham market in the United Kingdom, none of the outlying Commonwealth countries have in recent years supplied significant quantities, because Denmark, in particular, has supplied high-quality products at a low price. Elimination of the import duty on bacon may reduce the price paid by the British consumer. It should not affect the price received by the British producer for bacon-type hogs since he is paid a differential between the market price and the price the government guarantees.

Effects of U.K. Membership in EEC

There is much concern in the United Kingdom on the effects which U.K. admission to the European Economic Community would have on British agriculture. During the transition period of approximately a decade, British agriculture would have to adjust to much greater competition than previously. The special regime proposed for agricultural products by the Executive Commission of the EEC could result in complete removal of Community internal duties by the year 1970. Also, after the agricultural regime had been agreed upon, steps would be taken to aline member prices with a uniform goal price for several major farm products produced within the Community, and commodities would be purchased as required to support the price at the level of the goal fixed. Generally, these measures would tend to stimulate Community production by virtue of (*a*) the price incentives and (*b*) greater efficiency from competition within the Community.

After the transition period the impact of the EEC on domestic British agriculture as a result

of U.K. adhesion to the Rome Treaty could be threefold:

a. To have changed guaranteed prices from their previous levels to an average, commodity by commodity, with prices in the common market, and make British produce in the British home market such as fruit and vegetables, subject to direct competition with produce from France, Germany, the Netherlands, Italy, and other members of the EEC.

b. To have substituted a complex system of variable levies and purchases by community agricultural agencies as the principal measures for supporting prices in place of the previous deficiency payments and other bounties paid in pursuance of legislation enacted by the British Parliament.

c. To have given British farmers, particularly those in the more efficient sectors of meat and grain production, access to important markets on the continent of Europe, on the basis of equality with producers in those countries, and protected against imports from non-EEC countries.

An aspect of the agricultural problem which confronts Commonwealth members that have long been supplying commodities to the market in the United Kingdom is the adjustment they must make in the U.K. market during the transition period as a result of their loss of preferential tariff treatment there, and the preferential position which other EEC countries will gain there. They therefore have anxiously sought to protect that market, or to obtain an equivalent outlet in the EEC for such losses as they stand to suffer in the British market as a result of U.K. becoming an EEC member.

Methods suggested for giving Commonwealth suppliers safeguards for their key commodities in the U.K. market have included tariff free quotas for Commonwealth products in the United Kingdom and a long transition period that would permit a very gradual increase in duties that would be levied on Commonwealth produce by the United Kingdom in line with EEC policy of having a common rate of duty on imports from all non-Community sources. To give access to Commonwealth farm products in the EEC, measures suggested include reduction by the EEC of external duties on non-Community products, tariff free quotas in the EEC for non-Community products, and multilateral commodity agreements between exporting and importing countries containing provisions to assure markets and prices for products important to non-Community countries.

For some of U.K.'s dependent territories, solution of their problem of market access is being sought by a suitable form of association with the EEC.

Commodities produced to an important degree for the market in the United Kingdom, and which the oversea Commonwealth suppliers have most wanted safeguarded in any United Kingdom-Common Market arrangement include: New Zealand butter and frozen lamb, Australian and Canadian wheat, Rhodesia-Nyasaland tobacco, East African coffee, West African cocoa, peanuts, and palm tree products, and South Asian rubber, tea, and other tropical products (table 11).

Less trouble is foreseen in providing the desired safeguards for Commonwealth products in the U.K. and other EEC countries than oversea Commonwealth suppliers had feared. Wool, rubber, and other industrial raw materials, including oilseeds, are not likely to be subject to tariffs as these are already imported by EEC countries in large volume. Not much of a problem is foreseen for the higher grades of hard wheat, which in the United Kingdom and Western Europe are used for blending with weaker domestic wheat. Difficulty arises, however, for soft wheat, for feed grains, and vegetable oils. A major problem is New Zealand's butter which has already encountered competition from European producers.

Table 11.—*Imports of selected Commonwealth farm products, by specified areas, 1959* [1]

Commonwealth product	United Kingdom	EEC	Other West Europe [2]	United States	Total, 4 areas
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
Wheat, including flour	234	108	37	13	392
Other grains and preparations	97	74	9	33	213
Tobacco, unmanufactured	112	15	5	1	133
Cotton	29	32	5	4	70
Wool, other animal hairs	348	432	34	118	932
Oilseeds, fats, and oils [3]	140	150	5	8	303
Meat and preparations [4]	310	10	4	241	565
Dairy products, honey, eggs [5]	322	14	2	2	340
Fruits and vegetables	253	35	22	43	353
Total	1, 845	870	123	463	3, 301

[1] Includes non-Commonwealth members of sterling area.
[2] Excludes Finland and Spain, but includes Turkey.
[3] Excludes butter, lard, and shortening.
[4] Includes live animals for food.
[5] Includes butter.

Compiled from OEEC data.

With respect to meats, meat products, and fruit, EEC policies will probably allow imports to help meet the rising consumer demand in the EEC, and offer a combined market to the suppliers of U.K. and other EEC countries greater than would have been possible had the U.K. not joined the EEC.

The market of Commonwealth countries for wool, oilseeds, rubber, sisal, and cocoa in EEC countries has grown significantly, especially within the last 10 years. West Germany, the Netherlands, and Italy have increased imports of most of these products. Wool, which is duty free under the EEC external tariff, is the most important item in this trade, constituting about one-third of total wool exports of Australia, New Zealand, and the Republic of South Africa. It had an annual value of over $400 million in recent years. Among the other important items, exports to the Community have constituted about one-fourth of the Commonwealth's rubber exports, one-third of the cocoa, and one-third of the feed grains, which included corn from South Africa, barley and some oats from Canada and Australia.

Among other commodities considered to have a potential for further expansion in EEC are Canadian exports of flaxseed and rapeseed, hides from Canada, Australia, and New Zealand, and sisal from East Africa. The main oilseeds and hides and skins are duty free so the levels of Commonwealth sales in the EEC depend on the adequacy of Commonwealth supplies at prices competitive with those of other outside suppliers.

EEC's agricultural policy is very protectionist in regard to dairy, poultry and meat products. Development of greater trade in some specialty products among these groups by the more efficient Commonwealth countries would be likely if the trade were on a free competitive basis. But the extent to which this materializes will depend on the extent to which EEC member countries agree to lower their tariffs and import fees.

Impact of U.K.–EEC Agreement on Non-Commonwealth and Non-Community Countries

Entry of the United Kingdom and some other FTA countries into full EEC membership would create a single agricultural market for imports valued at about $15 billion. In the UK market $5.6 billion worth of farm products were imported in 1959, about three-fourths of which came from Commonwealth or EEC countries, and about 10 percent from the United States. Members of the Common Market, in 1959, imported farm products valued at $8.1 billion, 30 percent of which came from other EEC members and associated territories and about 18 percent from U.K.'s Commonwealth suppliers, and 11 percent from the United States. Non-Commonwealth countries, including the United States, therefore, have an important stake in the admission of the United Kingdom into the European Community, and in any arrangements between other Commonwealth countries and the EEC (fig. 2).

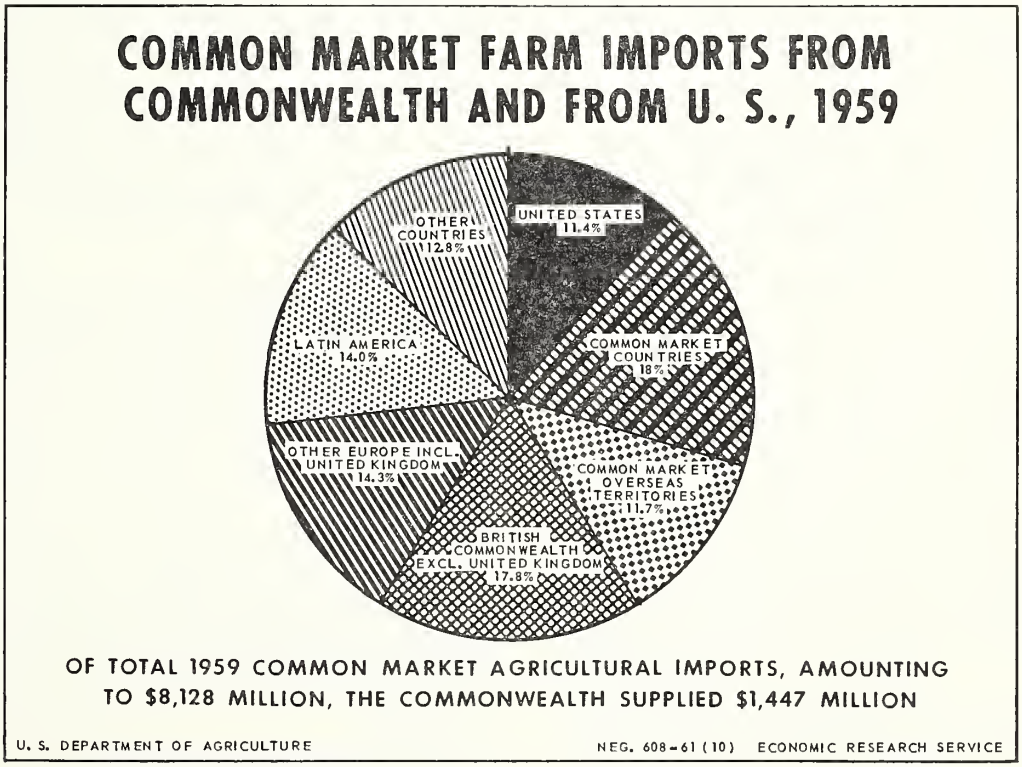


Figure 2

Assuming United Kingdom entrance into the EEC under the terms of the Rome Agreement and the Community agricultural policy announced on January 14, 1962, there will be specified transition periods for price and tariff adjustments. During this time such duties as exist on tropical products in the U.K. and other Community countries would likely be rather rapidly reduced, which will benefit British Commonwealth countries who have products previously subject to EEC tariffs. At the same time it will help tropical product producers outside the Commonwealth in Asia, Africa, and Latin America.

While reductions in preferential treatment in the U.K. will be accompanied by reductions in duties by EEC countries for the benefit of Commonwealth producers of the temperate zone products, the United States will be confronted with higher tariffs on some products imported by the United Kingdom as U.K. tariffs are increased to the level of the EEC external tariffs. For some important products the United States and other countries may benefit from lower EEC duties stemming from admission of the U.K. and other FTA countries. At the same time wheat, feed grains, and certain other products imported by the United Kingdom will be subject to variable levies to bring the price up stage by stage to the EEC prices. The result, for some of these, would tend to encourage production in the United Kingdom, perhaps as much as has been done under the British deficiency payment-low tariff system.

Measures To Stabilize Prices of Farm Products

Government intervention in times of sharp or prolonged reductions in farm income has been common among Commonwealth countries, as in other parts of the world, since the agricultural depression after World War I. This has occurred on an international, bilateral, and unilateral basis.

Multilateral Commodity Agreements

Considerable experience was gained immediately after World War I in the collective Commonwealth action to support prices. In the case of rubber, for example, a British Parliamentary Committee developed the Stevenson Scheme which relied heavily upon control of supply, among other measures, to support the price of crude natural rubber. For sugar, comprehensive control of supply, disposal, and destination of exports was developed among an increasing number of producing and importing countries with the cooperation of the United Kingdom and other Commonwealth countries.

Producer representatives from various Commonwealth areas and various levels of British and other Commonwealth officials have participated in negotiations to find suitable measures for supporting prices also of tin, tea, cocoa, coffee, wheat, cotton, and wool when producers of these commodities were in economic distress. In the case of tin and tea the United Kingdom, as the most important world importer and representative of such important producing Commonwealth countries as Ceylon and India, played a prominent part in developing a compromise between producer and consumer interests. Following World War II, when the United Kingdom and leading Commonwealth wool-supplying countries (Australia, New Zealand, and South Africa) found themselves holding large wool stocks, experience was had in the operation of a surplus disposal program.

In the succession of postwar conferences on agricultural, trade, and commodity problems, the United Kingdom sought to safeguard its position as an importer of food and agricultural products. At the Hot Springs conference in 1943 which drew up the Charter of the United Nations Food and Agriculture Organization, the United Kingdom favored optimum output of agricultural products, and "no regulation by quotas of the export of any agricultural commodity except under the control of some authority fully representative of both producers and consumers." The U.K. delegation recognized stabilization of prices as desirable for the shortrun, though for the longrun it advocated a price policy that would balance supply and demand, and allow a steady rate of expansion to the most efficient producer.

Commonwealth members agreed at Montreal in September 1958 that international agreements to stabilize commodity prices would be considered on their merits. They discussed the seriousness of commodity price problems. They agreed that the need for remedial action was urgent, and that it was important to bring about more assured conditions for commodity trade, and the mitigation of difficulties facing low-cost producers of both agricultural and mineral commodities.

Priority for programs of action was laid down as follows:

First. The maintenance of a high and expanding demand in industrial countries which promote the economic development of countries primarily dependent upon exports of raw materials; Commonwealth countries are resolved to achieve as high levels of demand as possible, consistent with the need to avoid inflation;

Second. Concerted action where appropriate to moderate excessive short-term fluctuations in the prices of primary products;

Third. Measures to mitigate the adverse effects of protection afforded to basic agricultural commodities and minerals.

In regard to international commodity arrangements, the Montreal Conference of 1958 said:

We agree to participate in an examination of the situation, on a commodity-by-commodity basis, with a view to arriving, wherever necessary, at understanding about how best, consistently with a recognition of long-term trends in supply and demand, short-term price fluctuations could be moderated.

We recognize that for the most part effective action will require the participation of the important producing and consuming countries throughout the world. It is our hope

that countries outside the Commonwealth will accept our objectives and be prepared to join with us in our work.

In the case of many commodities, international machinery already exists either for the actual operation of a commodity stabilization scheme (for example, wheat, sugar, tin) or for the study of the situation in respect of a given commodity (for example, rubber, cocoa). There will, however, be other cases where no such specific machinery exists but where a Commonwealth government considers that a situation calls for examination and that it may be desirable and practicable to concert action to bring about greater stability in the trading conditions of a particular commodity. In such cases, the United Kingdom Government will be prepared to arrange for Commonwealth talks about how best to take the matter further.

Changes in the tempo of Government stockpiling have had important effects upon the stability of prices and upon production of some commodities for some years past. It is clearly most important, especially in present circumstances, that Governments holding such stockpiles should, before making disposals from them, arrange for full consultation with the Governments of countries which may be affected.

While the United Kingdom did not adhere to the International Wheat Agreement of 1953–59, it had participated in previous agreements and took part in negotiations and did adhere to the wheat agreement which became effective in August 1959. Australia and Canada, as leading exporting nations, also adhered to the 1959 agreement.

England and other Commonwealth countries have had a sugar agreement since the end of World War II. They also adhere to the International Sugar Agreement, which is concluded on a 3-year basis and has been renewed several times.

The British Government approved the International Coffee Agreement of September 24, 1959, on behalf of British East African coffee producers on a 1-year basis. When it signed the agreement, it reiterated its oft-stated opposition to measures that would not permit a flexible pattern of production and trade and an expanding market for producers, as well as adequate supplies for consumers at prices equitable to producers and consumers alike.

During 1961 other members of the Commonwealth as well as United Kingdom worked in United Nations channels on the problems of fluctuating demand and prices in primary commodity markets. Views of a number of members were expressed in the Commission on International Commodity Trade on the impact of such fluctuations and methods of coping with them. Representatives of developing Commonwealth members maintained that agricultural exports at stable prices were vital to their economic development. They emphasized the desirability of measures preventing agricultural exports at low prices. (See appendix: "Problem of Fluctuating Commodity Prices.")

Commodity Boards

Statutory commodity boards to help stabilize prices are utilized in all Commonwealth countries. Mention of a few indicates the wide variety of commodities covered. The United Kingdom has milk boards, the Bacon Board, the Egg Board, the Wool Marketing Board, the British Sugar Corporation, the Hops Marketing Board, the Tomato and Cucumber Board, and the Potato Marketing Board. In Canada there is the Canadian Wheat Board, the British Columbia fruit boards, an Ontario cheese board, an Ontario flue-cured tobacco marketing board, and about 25 other boards administering compulsory marketing schemes. The latter exercise authority in interprovincial and foreign trade under complementary provincial-Federal legislation. Australia maintains the Wheat Board, the Dairy Produce Board, the Egg Board, Federal boards for meat and fruits, the Queensland Sugar Board, and numerous state boards. In New Zealand, there is the Dairy Products Marketing Board, the Meat Board, and Apple and Pear Board.

In India there is the Jute Board and the Tea Board; in Pakistan the Cotton Board and the Tea Board. The Republic of South Africa has the Citrus Board, the Deciduous Fruit Board, the Dried Fruit Board, the Mealie (corn) Board, and many others. In many Commonwealth countries and territories growing plantation type products there are boards handling such important export crops as cocoa, tea, coffee, sisal, fruit, and spices.

Wool, which is Australia's major export and important also in the economies of New Zealand and the Republic of South Africa, is marketed at auction in each of these three countries. In Australia there is a minimum of governmental interference with the wool marketing process; while in the case of New Zealand and the Republic of South Africa, government wool boards take measures to stabilize wool prices to domestic producers.

Commodity marketing boards as well as other trade or governmental agencies assist in sales promotion operations. Their representatives travel extensively. They cultivate trade channels abroad, negotiate sales agreements, and help with development and execution of advertising campaigns.

The most complete intervention in the market occurs when a board or government department purchases the entire farm output. While this device was utilized rather extensively in Commonwealth countries in acquiring needed supplies during World War II, it was generally abandoned after food supplies became normal.

In some instances, monopoly purchasing has been continued up to the present to provide price support and marketing services. Interference with pricing and other commercial factors affecting production and distribution occur under all of these schemes.

For 12 to 14 years after 1940, the Ministry of Food in Great Britain bought all domestically produced wheat, rye, barley, oats, cattle, calves, sheep, pigs, and milk. These purchases were made

without limit as to quantity on the basis of prices fixed a year or more in advance and in accord with a long-term production incentive price policy. During 1953 and 1954 the government largely returned purchase of grains and meat animals to private channels; purchase of milk was returned to the Milk Marketing Board, which prior to the war had bought all milk.

Purchase of sugar from producers and its disposal is a monopoly of statutory boards in the United Kingdom and Pakistan. A sugar board set up in Great Britain in 1956 buys sugar from other Commonwealth producers and sells it to commercial traders. Cocoa is purchased and marketed by marketing boards in Ghana and Nigeria. The entire Arabica coffee crop is purchased and handled by a coffee board in Kenya, and almost all coffee is handled through boards in Uganda and Tanganyika.

Australian Federal boards purchase cheese, butter, and eggs for export and handle shipments to and marketing operations in the United Kingdom. A meat board promotes market development abroad and administers the 15-year meat agreement with the United Kingdom, but does not itself purchase and sell meat.

A system of price support whereby appropriate boards bought butter, eggs, and hogs operated in Canada from World War II until 1959. The boards were obligated to purchase from producers all the produce which could not be marketed at the price fixed by the government.

Producer marketing boards in the Canadian Province of Ontario control the whole output of most commodties and also market them outside the Province. The Ontario Cheese Producers' Marketing Board or its agent purchases virtually all cheese and markets it at prices negotiated to its satisfaction, or holds the surplus in its warehouses until the market improves.

Under legislation enacted in 1935 and its amendments, the Canadian Wheat Board establishes a guaranteed minimum price for wheat, barley, and oats. It is the sole purchaser of these crops, except when sold to a feedmill or by one farmer to another in the same province for use as feed. Besides setting the guaranteed farm price the board can oftentimes influence the selling price for domestic use and for export to the United States by its control over the amount of grain it releases on the market.

Canadian prices supported through government purchase programs have been accompanied by import controls on cheese, butter, dried milk, hogs, and poultry. An embargo on imports of hogs from the United States was lifted early in 1960 when supports through purchases at a guaranteed price were abandoned and the United States had sometime previously eradicated the hog disease, vesicular exanthema. Import controls were also lifted on baking chickens, but remain on turkeys, cheese, butter, dried milk, wheat, oats, and barley.

As a substitute for governmental purchase program for hogs and eggs, Canada adopted a price-support technique not requiring import controls and costing less money. It makes a deficiency payment on a limited quantity of produce annually per farmer if the market price is below the minimum set by the government.

Deficiency payments and grants giving producers an incentive to expand have been reinstated by the United Kingdom in recent years. This has caused some criticism because it leads to overproduction and a low price in the marketplace, the whole impact of which is felt strongly by exporters to Britain.

Australia and New Zealand have strongly protested the price depressing effects of British price-support and import policies. Butter particularly has been sold by European countries in Britain much below the price received by British farmers. At the same time there have been complaints about the stimulated domestic production and low domestic prices in the United Kingdom as a result of heavy government subsidy to producers. (See appendix: "Milk: Price and market regulations in the United Kingdom.")

Australia and New Zealand in their 1957 and 1958 trade agreements with the United Kingdom obtained commitments from the United Kingdom to restrict importation of subsidized competitive products. Alleging that New Zealand would otherwise suffer injury from dumped or subsidized butter exports to the U.K., the President of the Board of Trade announced in the House of Commons on March 21, 1962, that the British Government had imposed import quotas on butter.

The United Kingdom also agreed to consult with the dominions on its domestic policy or import policy with respect to agricultural commodities in which the dominions had an interest. They agreed reciprocally to an annual exchange of statements on agricultural production trends, and each agreed to give full weight to the views of the other in the formulation of their agricultural production, marketing, and import policies.

Bilateral Agreements

Another form of government intervention, bilateral bulk purchase agreements, grew out of World War II. Yet they were prolonged after the war unnecessarily as far as supplies were concerned. Where operative, these agreements supersede preferential tariffs as the effective means of giving advantage to Commonwealth producers. Because of the administrative difficulties, they tend to stimulate uneconomic production, either at a higher cost than necessary or in the form of products inferior in quality. At the same time, they displace competitive products. If implementation of the purchase agreement includes import controls, consumers may be denied access to lower cost and more satisfactory products.

Such agreements have not been entirely abandoned as economic policy by Commonwealth members, either with each other or with foreign nations. While Commonwealth purchasing countries terminated many such agreements, the United Kingdom particularly continued to maintain selected ones; namely, (1) the quasi-public agreement with Southern Rhodesia for a fixed quantity of tobacco, operative until 1965; (2) the 10-year agreement originally negotiated by the British Ministry of Food with the West Indies for concentrated orange juice until 1960; and (3) the 15-year beef agreement with Australia, operative until 1967.

The United Kingdom has also continued to negotiate bilateral quotas with European countries, even after discrimination against many dollar imports was abandoned in 1959. In January 1960, a 3-year trade agreement was concluded with Hungary providing for an exchange of specified products between the two countries having a value up to $28 million.

The United Kingdom agreed to allow imports from Hungary valued up to $12.6 million. Dried white beans, seeds, vegetable oils, and aluminum are admitted without quantitative limitation. Import licenses are granted annually for quantities of butter up to 2,000 long tons, for bacon up to 2,000 tons, for ham valued up to $30,000. Licenses are granted textiles, fruits, vegetables, chemicals, and pharmaceuticals for specified quantities not disclosed. U.K.'s exports are allowed entry into Hungary up to a value of $15.4 million. They consist of machinery, telecommunications equipment, radio and television supplies, motor vehicles, and textile manufactures.

An agreement with Poland soon followed. It was dated May 20, 1960. The arrangement under it for the year ending June 30, 1962, allowed Poland to sell 48,500 long tons of bacon, 20,000 long tons of butter, and specified amounts of other meats and dairy products, fruit, vegetables, other farm products, and manufactured products to the United Kingdom.

Among postwar bilateral agreements of the United Kingdom are those made as a recipient of agricultural products under U.S. economic aid and surplus disposal programs. Substantial amounts of numerous agricultural products were included in the economic and military aid supplied to the United Kingdom under Marshall plan programs, beginning in 1948 and declining in the 1950's as the U.K. balance-of-payment position strengthened. Tobacco and fruit were the principal commodities obtained under U.S. Public Law 480, after its enactment in 1954.

Underdeveloped countries in South Asia obtain important quantities of foodstuffs under the U.S. foreign aid program as well as some products on an aid basis from Canada, Australia, and other countries. At the same time, they made bilateral arrangements for the bulk purchase of products from other South Asian countries and non-South Asian countries. For example, under a 1961 rubber-rice agreement, Ceylon agreed to take 200,000 metric tons of rice and to supply 31,000 metric tons of sheet rubber to Communist China. Under bilateral agreement, Ceylon is obtaining aid from various countries to promote her economic development, including that of the U.S.S.R. for development of a steel industry.

Australia has used and is using bilateral agreements to cover much of its commercial wheat and flour sales, including commitments from the United Kingdom, West Germany, Japan, and the Federation of Malaya.

The Australian-Japanese Agreement on Trade, concluded July 6, 1957, and still in effect, is significant because in it Australia sought to pursue a multilateral approach on trade policy as evidenced in the text of the main agreement and, on the other hand, in the agreed minutes initialed at the end of negotiations sought to obtain certain specific bilateral commitments.

Although trade between Australia and Japan prior to World War II had been rather evenly balanced, a one-sided and greatly expanded trade developed between the two countries in the decade following the war. Australian exports to Japan in 1956 reached a level of $238.6 million, or more than 12 percent of Australian exports to all countries.

In contrast, Australian imports from Japan in 1956 amounted to only $36 million, or about 2 percent of Australian imports from all countries.

Trade between the two countries developed after World War II without the benefit of a general commercial agreement. Japanese goods entering Australia were subject to the rates under the General Schedule, which were substantially higher than those on goods from countries having most-favored-nation treaties with Australia. Japan was therefore anxious to negotiate a most-favored-nation commercial treaty with Australia in order to obtain the advantages of lower duty rates.

At the same time Australia was becoming aware of the importance of the Japanese market for its wool, wheat, and barley. Wool was entering Japan duty free, but in the absence of a commercial agreement between the two countries, Japan could at any time have placed a duty or quantitative restrictions on the entry of wool from Australia. It could also have obtained most or even all of its wheat and barley requirements from the United States and Canada.

Each country in the 1957 agreement agreed to accord the other unconditional most-favored-nation treatment with respect to customs duties, regulations governing imports and exports, internal taxes imposed in connection with importation of goods, and regulations governing the internal sale or distribution of goods. Each agreed to nondiscriminatory treatment of the other in the

matter of quantitative restriction on imports or exports and the allocation of foreign exchange.

State trading agencies would have due regard to other provisions of the agreement and make their purchases or sales "solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation, and other conditions of purchase or sale, and afford trading enterprises of the other country adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales." (Compare with text of GATT Article 17.)

They agreed to seek agreement through further consultations in their relations upon courses of conduct that would be in accord with GATT provisions. However, they agreed that this should not be regarded as conferring upon either country any more favorable trade treatment than provided for in the GATT.

If one country finds that a product being imported from the other is causing or threatening serious injury to its producers of "like or directly competitive products," it may suspend its obligations for such time as may be necessary to prevent or remedy the injury.

Before either government takes action under the escape clause, it is obligated to give written notice to the other in advance and also afford the other government an opportunity to consult regarding the proposed action. If escape actions affect such a large number of products as to seriously impair the agreement, the government which considers its interests impaired may request renegotiation of the agreement. If such renegotiations do not result in a satisfactory solution, the government which sought the renegotiation may terminate the agreement.

Australian representatives expressed the fear, on the basis of past situations, that Japanese exports to Australia of some products might be shipped in such volume as to cause serious damage to Australian industry. In response it was agreed that the Japanese Government would endeavor, within its constitutional authority, to see that such damage would be avoided.

The agreed minutes indicate the treatment by Japan that the Australian Government sought for important Australian exports:

Wheat. Japan to import at least 200,000 tons yearly of soft wheat from Australia in the year 1957–58, with tendency toward annual increases. Grades of Australian wheat of high protein content superior to f.a.q. and sold at a premium shall be regarded as being outside the scope of the quantitative provision with respect to soft wheat. "Japanese imports of Australian wheat of this type shall be on a competitive and nondiscriminatory basis."

Barley. Japan agrees to continue importing at least 30 percent of its barley needs from Australia.

Wool. Japan to give Australian wool opportunity to compete in the global quota for wool for not less than 90 percent of the total Japanese foreign exchange allocation for wool each year. Japan agrees also not to restrict the total foreign exchange allocation for wool beyond the extent necessary to safeguard its external financial position and balance of payments. (This is understood by Australia as a safeguard against restriction of wool imports for general economic considerations or other reasons. It thus appears to give Australian wool a priority vis-a-vis products other than wool, when Japan operates any kind of a general quantitative import restriction program.)

Japan gave assurance that it would not take action to vary the present duty-free entry for wool for the next 3 years. (The Australian Government during the previous year had feared that the Japanese Government on more than one occasion had been very close to imposing a substantial duty on wool, for fiscal reasons.)

Animal products. Japan to include Australia as a permitted source of supply for beef tallow and cattle hides on the Automatic Approval list.

Dairy products. Japan to admit Australian dried skim milk on a competitive and nondiscriminatory basis in the global quota except for imports for use in the Japanese school lunch program.

Dried fruit. Japan to make reasonable provision for the import of Australian raisins, currants, and sultanas in each year of the 3-year period.

Sugar. Japan to accord to Australian sugar the opportunity of competing in the dollar and pound sterling common quota or the pound sterling quota for not less than 40 percent of the total foreign exchange allocation for sugar.

The above commodity provisions were placed in the agreement upon the insistence of Australia. There may have been two reasons for this: first, to obtain a guarantee with respect to specific commodities; and second, to reduce the risks of fluctuation in Australia's oversea financial position that might interrupt its domestic economic development program. Shortly after the agreement was signed, Hon. John McEwen, the Australian Minister for Trade, said:

It gives duty free entry for Australian wool for the next 3 years.

It provides that financial restrictions will not be imposed on the purchase of Australian wool or other commodities, except as justified by Japan's oversea funds position.

It assures continued competitive access to the Japanese market for Australian hard wheat.

It provides, and this is more important to us, a new market of great potential importance for Australian soft wheat.

It provides some safeguard for the whole of our wheat trade with Japan against inter-Government noncommercial wheat deals and unfair trade practices on the part of competing supplying countries.

It promises a total market in Japan of 15 million bushels for Australian wheat with real prospects of increase.

Australia has obtained a firm position that, despite the existence of certain bilateral arrangements which Japan may have with other suppliers, Australian sugar may be imported up to 40 percent of total sugar imports.

It secures the present Japanese market for Australian barley—the largest single market for this product.

Apart from the provisions on wool, wheat, sugar and barley, there is a range of other commodities such as hides, skim milk, and dried vine fruit where specific assurances have been secured of reasonable access to the Japanese market.

It reduces to a marked extent the risks of checks and blockages to our programs of development through severe fluctuations in our oversea financial position.

It appears that Australia considered the provisions in the agreed minutes attached to the agreement to be rather a firm guarantee that

Japan would take certain quantities of specified products from Australia.

Among other bilateral agreements by Commonwealth exporting countries covering commercial trade are those concluded between the southern dominions and European countries. Australia concluded an agreement in 1959 under which Czechoslovakia purchases Australian wheat, meat, and wool.

An agreement between Australia and West Germany extending initially through 1961 specified minimum quotas of agricultural products which West Germany would buy from Australia. These included wheat, both soft and high protein, feedgrains amounting to 250,000 long tons, beef, mutton, lamb, canned meat, dairy products, casein, canned fruit, and jam. An agreement between New Zealand and West Germany provides for German imports from New Zealand of specified quantities of beef, lamb, mutton, canned meat, dehydrated milk, apples, pears, and canned and frozen vegetables. (See appendix: "Agreements With Germany.")

Canadian bilateral agreements have covered sales of wheat to Poland, Japan, the Soviet Union, and Communist China. In agreements concluded in the first half of 1961, Canada agreed to deliver to Communist China, 216.9 million bushels of wheat and 58.7 million bushels of barley before December 31, 1963, for a price of more than $400 million.

On April 18, 1960, an agreement was signed in Moscow between the U.S.S.R. and Canada extending their most-favored-nation agreement until April 18, 1963. At the same time, letters were exchanged providing a framework for annual Canadian-Soviet meetings on trade matters, the exchange of goods, and facilitation of business visits between the two countries.

Regarding wheat sales, the U.S.S.R. agreed to purchase, in Canada, Canadian goods to a total value of $25 million (Canadian), including not less than 200,000 tons of Canadian wheat, provided the total annual value of Canadian purchases from the U.S.S.R. is not less than $12½ million. Should the total value of Canadian purchases from the U.S.S.R. be less than $12½ million in any one year, the relationship between the value of such Canadian purchases and the value of those of the Soviet Union would be in the ratio of 1 to 2. Wheat would constitute not less than half of the value of the annual Soviet purchases.

Agreements with quantitative provisions such as these appear in fact to bilateralize or preempt a particular sector of international trade. If the parties sought only access to each other's markets on terms no less favorable than those granted to other countries, they would not need to go beyond the unconditional most-favored-nation provisions contained in their general commercial agreements, or in the GATT, if they are both members.

IV. Patterns of Growth

Economic growth in the Commonwealth during the last decade was widespread. But it was much more pronounced in some countries and in some economic sectors than in others. Determining the area and rate of development were such forces as the immediate demand for food, raw materials, and other products and the apparent longer term demand-supply situation, heavily weighted by geography, availability of agricultural production supplies, social attitudes, and technological and managerial know-how.

Growth of the agricultural sector after World War II was exhibited by extension of results of agricultural research to the farm, by increased acreage under cultivation or irrigation, and greater use of new farm equipment, fertilizers, and pesticides (tables 12 and 13).

Where supplies could be had, in more developed and developing Commonwealth countries, expansion of agriculture was in progress by 1950. This stemmed from the strong postwar demand or from government production incentive programs, including price supports and stabilization programs. Industrial activity in the United States, the Korean war, and growing economic activity in the United Kingdom and the rest of Western Europe created a market and price incentive to increased

TABLE 12.—*Tractors on farms in Commonwealth countries* [1]

Country	1948	1953	1958	Increase, 1948 to 1958
	Thousands	*Thousands*	*Thousands*	*Percent*
United Kingdom [2]	233. 0	398. 0	434. 0	86
Canada	323. 0	400. 0	500. 0	55
Australia	76. 0	171. 0	225. 0	196
New Zealand	23. 0	56. 0	74. 0	222
Republic of South Africa	30. 0	75. 0	107. 0	257
Federation of Rhodesia and Nyasaland	2. 9	8. 5	13. 2	355
British East Africa	2. 5	7. 5	8. 9	256
British West Africa	. 2	. 4	. 6	200
India	7. 5	8. 0	18. 5	147
Ceylon	. 2	. 3	. 7	250
Malaya Federation	. 1	(3)	. 9	800
Caribbean area	. 8	2. 2	5. 2	550
Total	699. 2	1, 126. 9	1, 388. 0	99

[1] Numbers are rounded for years shown in the headings or for next nearest years.
[2] Does not include Northern Ireland.
[3] Not available.

Food and Agriculture Organization and official Commonwealth Government sources.

TABLE 13.—*Fertilizers: Use in Commonwealth and associated countries* [1]

Country	Nitrate			Phosphate		
	1953–54	1958–59	Increase, 1953–54 to 1958–59	1953–54	1958–59	Increase, 1953–54 to 1958–59
	1,000 metric tons	*1,000 metric tons*	*Percent*	*1,000 metric tons*	*1,000 metric tons*	*Percent*
More developed countries [2]	351. 3	496. 1	41	1, 183	1, 366	15
Asian countries [3]	121. 5	328. 4	170	23. 9	46. 5	95
African countries [4]	6. 1	14. 1	131	14. 6	31. 0	112
Western Hemisphere countries [5]	9. 4	14. 3	52	1. 8	3. 5	94
Total	488. 3	852. 9	75	1, 223. 3	1, 447. 0	18
	Potash			Total		
More developed countries [2]	425	597	40	1, 959	2, 459	26
Asian countries [3]	25. 1	43. 1	72	170. 5	418. 0	145
African countries [4]	11. 1	13. 6	23	31. 8	58. 7	85
Western Hemisphere countries [5]	4. 3	6. 4	49	15. 5	24. 2	56
Total	469. 8	660. 1	41	2, 181. 4	2, 960. 0	36

[1] In terms of nutrients.
[2] United Kingdom, Canada, Australia, New Zealand, Republic of South Africa, and Ireland.
[3] India, Ceylon, Pakistan, Malaya, and Burma.
[4] Nigeria, Rhodesia-Nyasaland, and Tanganyika.
[5] British Honduras, British West Indies, and British Guiana.

Commonwealth production of such raw materials as wool, rubber, and many minerals.

For convenience in presentation, the discussion that follows on growth of production by countries will be divided into two parts: (1) the United Kingdom and the older dominions, and (2) other major developing regions. In the discussion of commodities, emphasis will be placed on those groups in relation to which directed economic development and strong commercial demand are apparently having a significant impact on the foreign market for U.S. agricultural products.

The United Kingdom and Older Dominions

Under the strong demand for agricultural products during World War II and the postwar period, many adjustments and improvements were made in the agricultural production plant of the United Kingdom and the older dominions. Areas most suitable for increased agricultural output were largely reequipped with improved machinery, and arable land acreage was expanded. In Great Britain acreage expansion largely took place during the wartime food emergency years; in Australia, Canada, and New Zealand it is still going on with considerable vigor (table 14).

These countries also developed other resources at an increasing rate during most of the 1950's. Extensive construction and expansion of public utilities—such as central electric power stations, hydroelectric systems, roads and railroads, and ocean shipping—were required to provide services for new enterprise and to make up for the backlog of needs accumulated during the depression of the 1930's, the war years 1940–45, and the slow years just following the war.

In Canada, Australia, and the United Kingdom, capital expenditure has in recent years been particularly high in the construction or expansion of plants to increase output of heavy producer goods. In the Republic of South Africa and New Zealand, it has been high for production or processing of primary products. The capital expenditure commitment in the United Kingdom and older dominions for social improvement—such as housing, schools, and medical centers—has become much larger than it was prior to World War II, due especially to the growth of social services undertaken by the respective governments.

Though the gross national product (GNP) in the United Kingdom increased rather slowly during the postwar period, the increase was steady; within the last few years the pace has been more rapid. Capital investment in agriculture has been high in most of the postwar period, and agricultural output has risen more since prewar than have most nonagricultural sectors of the economy.

The level of gross domestic fixed capital formation was 15.6 percent of the GNP in 1960, com-

TABLE 14.—*More developed countries: Population and agricultural land resources*

Country	Population [1]			Arable land [1]			Arable land per capita, 1957–59	
	1947–49	1957–59	Increase	1947–49	1957–59	Increase		
	Thousands	*Thousands*	*Percent*	*Thousand hectares*	*Thousand hectares*	*Percent*	*Hectares*	*Acres*
Australia	7, 912	10, 061	27	[2] 16, 355	[2] 27, 028	65	2. 7	6. 7
Canada	13, 447	17, 442	30	36, 929	40, 600	11	2. 3	5. 7
Ireland	2, 981	2, 846	−5	1, 506	1, 418	−6	. 5	1. 2
New Zealand	1, 871	2, 331	25	[2] 8, 149	[2] 8, 153	. 04	3. 5	8. 6
Republic of South Africa	12, 112	14, 673	21	6, 100	10, 927	79	. 7	1. 7
United Kingdom	50, 363	51, 985	3	7, 434	7, 088	−5	. 1	. 2
Total	88, 686	99, 338	12	76, 473	95, 214	24	1. 0	2. 4

[1] Data shown are for 1949 and 1959 where available. Population figures are official government or United Nations midyear estimates.

[2] Includes areas under sown grasses and clovers.

United Nations and official Commonwealth sources.

pared with 12.5 percent in 1938 and 13 percent in 1950. Steel output increased between 5 and 6 percent annually in the years immediately prior to 1960, when it rose 20 percent above the level of 1959. Electric-generating capacity increased 45 percent from 1953 to 1958. Plastic materials production doubled in the same period (table 15).

With demand for fuel rising at a rapid rate, development programs include expansion of the coal and steel industries, oil refinery plants, and facilities for handling gas, as well as construction of nuclear energy plants. Several new atomic power stations are now under construction and others are planned. They are being built under a 10-year program decided upon in 1955 and 1957 at an estimated cost of $2.2 billion.

In addition to expanding and modernizing many older plants, some modern, efficient plants have been, or are being, built in nearly all sectors of industry. The automotive, petroleum, and chemical industries were among the leaders in this respect. The steel industry mentioned plans for some entirely new plants in 1960, one of which is to increase the output of alloy and special steels. By 1965, it plans to be still spending at nearly the 1960 rate of $365 million on plant development. As a whole, however, nonagricultural output and capital investment per worker has been only one-half that of the United States.

On the other hand, agriculture in Great Britain is among the most highly capitalized of any in the world. Also, Great Britain and Northern Ireland rank high among Commonwealth countries in agricultural production increases since the immediate prewar period. During these 25 years the United Kingdom's agricultural output has increased more than 80 percent. This large increase in overall output is made possible by the greater capitalization of agriculture during and shortly after the war, an expansion of extension work, public grants, price incentives to production, and the increase of farm credit.

TABLE 15.—*United Kingdom: Production indices of industrial sectors* [1]

[1948=100]

Item	1951	1952	1953	1954	1955	1956	1957	1598	1959
Agriculture, forestry, and fishing	111	114	116	118	118	123	127	126	132
Mining and quarrying	108	109	109	110	108	109	109	103	101
Manufacturing	121	116	123	133	142	140	143	142	151
Construction	101	104	111	115	116	123	123	121	128
Electricity, gas, etc	124	128	134	145	153	160	163	172	178
Transport and communication	113	117	120	123	128	130	127	127	131
Distribution	107	104	111	118	121	122	127	129	136
Public administration and defense	99	102	103	101	98	96	94	91	88
Gross domestic product	112	111	116	123	127	130	131	131	134

[1] Based on industrial origin of gross domestic product at factor cost, 1954 prices.

National Income and Expenditure, 1959; Economic Survey, 1960, London.

Mechanization has been extended to the clearing and breaking of heavy brush-covered land and to all regular field crop production operations. Combine grain harvesters number over 35,000, pickup balers 40,000, power spraying machines over 50,000, and farm tractors 500,000, or 1 tractor per 36 acres of cultivated land. Other developments resulting in increased productivity include drainage, liming, and fertilizer schemes for pasture improvement; removal of hedges to enlarge the size of cultivated plots; mechanical lifting of over half the sugarbeet crop; heavier applications of fertilizers to field crops; mechanical grass and grain drying; modernization of dairy equipment; artificial insemination to improve cattle herds, particularly dairy cows; use of better livestock and poultry feeding practices; and more efficient organization of farm work and marketing.

In the United Kingdom there are strong incentives to maintain farm output at a high level. The Agricultural Act of 1957 makes it mandatory upon the government to maintain the total value of price guarantees at not less than 97½ percent of their value in the previous year. Import restrictions have tended to protect domestic producers. Though largely removed during the last 3 years, foreign exchange restrictions during most of the postwar period protected agricultural producers from competition of producers in dollar countries.

Tax schedules have also been more favorable to farming than to other sectors of the economy. In the case of fruits and vegetables, tariff increases have been made to discourage imports. Development of a large frozen food industry and construction of many supermarkets have also encouraged domestic fruit, vegetable, and poultry production (tables 16–18).

Perhaps nowhere in the Commonwealth has economic development been more far reaching in its effects on the pattern of foreign trade than in Canada since World War II. Trade policies and technological advances enabled Canada to take advantage of the available capital and the strong demand for industrial raw materials in the United States to develop new extractive and fabricating industries geared to the export market. In addition to the products developed by the grain, fruit, dairy, and forest industries suitable for specific foreign markets prior to World War II, now aluminum, nickel, iron ore, metal manufactures, and other industries have added their products to Canadian specialities meeting a particular market demand (table 19).

Since the war Canada has had a sustained high average level of fixed capital investment and a large amount of resource development, in relation to the total national expenditure. Capital formation in each year since 1948 has accounted for 20 to 25 percent or more of the nation's total expenditures, and in 1957 accounted for a peak 27½ percent. The total expenditure on agricultural and fishing mechanization and new equipment has yearly run above $300 million during the last decade, reaching almost $500 million in 1952–53 and again in 1959–60 (table 20).

Table 16.—*United Kingdom: Trends in production of selected agricultural commodities*

Commodity	Production 1934–38	Production 1952–54	Production 1957–59	Production Preliminary, 1960	Percent increase, 1934–38 to 1960
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Wheat	1, 743	2, 626	2, 770	3, 054	75
Barley	782	2, 365	3, 442	4, 325	453
Oats	2, 019	2, 720	2, 191	2, 096	4
Potatoes	5, 011	7, 936	6, 119	7, 333	46
Sugar	487	682	755	880	81
Apples	306	586	602	732	139
Pears	22	45	67	74	236
Other fruit	169	230	178	180	7
Meat [1]	1, 195	1, 524	1, 876	1, 917	60
Milk [2]	8, 345	10, 631	11, 863	12, 670	52
Eggs	382	[3] 532	708	710	86
Wool	50	45	54	57	14
Total output					[4] 87

[1] Beef and veal, pork, mutton and lamb, offal, poultry, and other. Adjusted for imported live cattle.
[2] Cow's milk.
[3] 2-year average.
[4] Adjusted for imported live cattle and feed.

Official U.K. governmental reports, FAO, and other sources.

TABLE 17.—*United Kingdom: Food consumption levels per capita, by major food groups*

Food groups	Apparent disappearance per capita of food moving into consumption						1960 as percent of prewar
	Prewar	1956	1957	1958	1959	1960	
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Percent*
Dairy products [1]	38. 4	53. 5	52. 9	53. 7	54. 0	54. 6	142
Meat [2]	110. 0	113. 6	116. 2	115. 5	112. 8	114. 8	104
Poultry, game, and fish [3]	32. 7	27. 8	27. 9	29. 8	30. 7	31. 3	96
Eggs and egg products [4]	28. 3	29. 2	30. 8	31. 9	33. 2	33. 7	119
Oils and fats	47. 1	48. 2	48. 6	48. 5	49. 0	49. 1	104
Sugar and sirup	108. 7	115. 0	118. 2	121. 9	119. 1	118. 9	109
Potatoes	181. 9	209. 2	214. 6	216. 4	207. 7	212. 5	117
Beans, peas and nuts	9. 5	13. 1	12. 3	11. 1	11. 7	12. 1	127
Fruit [5]	124. 0	116. 4	121. 6	120. 0	130. 0	128. 0	103
Vegetables [5]	120. 4	124. 0	126. 3	129. 9	130. 1	134. 4	112
Grain products	210. 1	193. 2	187. 4	187. 0	184. 7	181. 6	86

[1] Milk solids, excludes butter.
[2] Edible weight; includes canned meat, bacon, and ham.
[3] Edible weight.
[4] Shell egg equivalent.
[5] Fresh equivalent.

Board of Trade Journal, London, Aug. 5, 1960, pp. 299–300.

TABLE 18.—*United Kingdom: Meat supply and consumption*

Product and year	Domestic production	Imports from Common-wealth	Other imports	Exports	Total consump-tion	Per capita consump-tion
Beef and veal: [1]	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Pounds*
1938	1, 354	[2] 388	[2] 931	7	2, 666	55
1949	1, 183	[2] 235	[2] 582	8	1, 992	39
1959	1, 614	[2] 283	[2] 515	16	2, 414	46
Mutton and lamb: [1]						
1938	[3] 473	[2] 626	[2] 148	2	1, 245	25
1949	[3] 313	[2] 678	[2] 129	2	1, 118	23
1959	[3] 552	[2] 742	[2] 76	5	1, 365	26
Pork: [1]						
1938	455	[2] 97	[2] 40	52	540	11
1949	99	[2] 38	[2] 29	20	146	3
1959	965	[2] 11	[2] 21	1	996	19
Offal: [4]						
1938	245	44	97	1	385	7
1949	217	49	81	1	346	7
1959	306	57	113	1	475	9
Bacon and ham: [1]						
1938	439	187	656	----------	1, 282	28
1949	435	58	252	----------	745	14
1959	468	94	686	----------	1, 248	25
Canned meat:						
1938	67	15	149	----------	231	5
1949	18	61	189	----------	268	5
1959	113	110	334	----------	557	11
All meats:						
1938	2, 966	1, 357	2, 021	62	6, 349	133
1949	2, 247	1, 119	1, 262	31	4, 615	92
1959	3, 905	1, 297	1, 745	23	7, 055	136

[1] Domestic production includes production from imported fat stock.
[2] Excludes canned.
[3] Includes fresh meat imported from Irish Republic.
[4] Excludes fresh beef offals.

TABLE 19.—*Canada: Exports, by commodity classification*

Year	Farm and fish products		Forest products		Metals and minerals		Other products [1]		Value of total exports [2]
	Value	Percent of total exports	Value	Percent of total exports	Value	Percent of total exports	Value	Percent of total exports	
	Million dollars [3]	*Percent*	*Million dollars* [3]	*Percent*	*Million dollars* [3]	*Percent*	*Million dollars* [3]	*Percent*	*Million dollars* [3]
1951	1, 149	29	1, 377	35	764	20	624	16	3, 914
1952	1, 329	31	1, 363	32	922	21	668	16	4, 282
1953	1, 258	31	1, 283	31	904	22	652	16	4, 097
1954	984	26	1, 365	35	917	24	594	15	3, 860
1955	917	22	1, 505	35	1, 227	29	613	14	4, 258
1956	1, 121	24	1, 496	31	1, 472	31	672	14	4, 761
1957	1, 012	21	1, 451	30	1, 612	34	714	15	4, 789
1958	1, 172	25	1, 410	29	1, 441	30	768	16	4, 791
1959 [4]	1, 090	22	1, 516	30	1, 657	33	759	15	5, 022
1960 [4]	1, 045	20	1, 592	30	1, 748	33	881	17	5, 266

[1] Includes alcoholic beverages, other manufactures, chemicals, fertilizers, and miscellaneous.
[2] Excludes exports of foreign produce.
[3] In Canadian currency.
[4] Preliminary.

Trade of Canada, December 1960; *Statistical Summary*, 1959, Bank of Canada.

TABLE 20.—*Canada: Capital formation trends* [1]

Year	Capital expenditures			Capital expenditures as percentage of GNP
	Construction	Machinery and equipment	Total	
	$million	*$million*	*$million*	*Percent*
1947 [2]	1, 397	1, 043	2, 440	18. 5
1948 [2]	1, 824	1, 263	3, 087	20. 4
1949	2, 166	1, 373	3, 539	21. 6
1950	2, 453	1, 483	3, 936	21. 9
1951	2, 871	1, 868	4, 739	22. 4
1952	3, 434	2, 057	5, 491	22. 9
1953	3, 756	2, 220	5, 976	23. 9
1954	3, 737	1, 984	5, 721	23. 0
1955	4, 169	2, 075	6, 244	23. 0
1956	5, 273	2, 761	8, 034	26. 3
1957	5, 784	2, 933	8, 717	27. 4
1958	5, 830	2, 534	8, 364	25. 7
1959	5, 709	2, 708	8, 417	24. 3
1960	5, 487	2, 713	8, 200	24. 0
1961, planned	5, 689	2, 647	8, 336	22. 6

[1] Value in Canadian currencies at actual prices.
[2] Newfoundland not included in these years.

Private and Public Investment in Canada, Outlook 1961, and Regional Estimates, Canada.

Future economic expansion is encouraged by such projects as the St. Lawrence Seaway, the joint United States-Canadian Columbia River project, construction of new port facilities, transcontinental pipelines, and highways to potential resource areas. Roadbuilding plans for the next 5 or 10 years include 2,000 miles of construction in the Yukon and Northwest Territories at a cost of $100 million, and 4,000 miles in the Provinces at a cost of $135 million.

Development in Canada extends also to land reclamation or irrigation. Successful projects had previously been carried out in the Maritime Provinces—Ontario, British Columbia, and Alberta. Now major projects are underway and new ones are being discussed that would have been impossible prior to the advent of the heavy earth-moving tractor and equipment. A reclamation project west of the Pas, Manitoba, on the Saskatchewan River delta, is expected to yield 100,000 acres of arable land. Parts of the area, already reclaimed, are now planted to wheat and other small grain.

A dam now under construction at Outlook on the South Saskatchewan River should be a stimulus first to greater wheat production, and ultimately to diversification of prairie farm agriculture. Plans call for completion of the main dam in 1966 (table 21).

Located in the heart of the Canadian wheat belt, the Outlook development will provide water for irrigation, electric power, flood control, urban water supplies, recreational facilities, and industrial development. The dam will irrigate about 500,000 acres, while a much greater agricultural area will benefit from the increased supply of high-quality forage and in other ways. More important than the added agricultural output anticipated by project planners is the plentiful supply of water and electric power that will attract nonagricultural industries and more population to the center of the prairies.

The long-term trend of agricultural production in Canada's prairie provinces has been upward. Contributing factors are increased efficiency of

TABLE 21.—*Irrigated acreage in selected countries*

Country	1945–50	1955–60 [1]	Estimated area that would be added under present programs		Estimated area when present programs are completed [3]
			Area	Target year	
	Thousand acres	*Thousand acres*	*Thousand acres*		*Thousand acres*
Canada	506	750	500	1966	1, 250
Australia	1, 469	2, 094	900	1970	3, 000
New Zealand	94	165	365	1970	530
India	47, 002	70, 000	[2] 20, 000	[2] 1966	90, 000
Pakistan	21, 449	27, 800	1, 200	1965	29, 000
Malaya Federation	371	522	300	1965	822
Republic of South Africa	1, 000	1, 300	760	1970	3, 060
Southern Rhodesia	15	422	40	1965	82

[1] For latest year available.
[2] Third 5-year plan.
[3] The period of time between completion of main dam and actual application of water to crops may vary considerably by country and project.

United Nations Food and Agriculture Organization (FAO) Agricultural Yearbooks and official government sources of respective countries.

production methods, aid of the Federal and provincial governments in bringing new land under production, and extension of crop insurance and supervised farm credit. Conditions point to continuation of these factors contributing to the farm output rise in the prairies. However, unless a sustained foreign demand for grain on a cash or short-term credit basis materializes or weather is more favorable to production than in recent years, the increased output from the growth of Canada's agricultural economy over the next decade may be absorbed by the rising domestic demand for farm products.

Grains that can be grown efficiently on the prairies are the main hope of Canadian economists who think in terms of long-term prospects for farm exports. A shift toward production for domestic consumption, with smaller quantities available for export, is indicated for farm products other than wheat and barley in projections of output and consumption of agricultural products made by David L. MacFarlane, professor of economics, McGill University, and John D. Black, late emeritus professor, Harvard University, in a brochure entitled "The Development of Canadian Agriculture to 1970." From the base year 1955, a 39-percent increase in farm output will be required by 1970 to meet projected domestic market requirements and the anticipated export market. A 50-percent increase in the consumption of agricultural products is foreseen.

Export demand for wheat is projected for 1970 at 313 million bushels, an increase of 7 percent above the average of 293 million bushels in the period 1952–53 to 1956–57. The United Kingdom, where the milling and baking trade is geared to blend high protein wheat with soft domestic wheats, is expected to take 60 percent of its wheat import requirements, or approximately 100 million bushels, annually from Canada. West European countries that also need high protein wheat, though not perhaps to the same degree as the British milling industry, are also expected to be an important market for Canada's wheat.

Barley exports are expected to increase from 90 million to 125 million bushels. The projections show no increase in oat exports. This emphasis on barley as against oats is based on three factors: (1) A greater shift to barley than to oats production from the summer fallow acreage of the prairie provinces; (2) the further expansion in the use of barley as human food in the Orient; and (3) increased livestock numbers in the United Kingdom and Western Europe, which are expected to increase demand for imported feeds. Exports of meat, dairy products, and poultry products were not projected for 1970 on the grounds that domestic demand is expected to absorb the increased production.

MacFarlane and Black did not make projections for specialty export items. However, their production for export may be expected to continue for fruit, several species of vegetable oilseeds, potatoes, a few other vegetables, and a wide range of forage crop seed while a border trade in complementary products with the United States continues.

Australia and New Zealand, which have had a high degree of capital formation in agriculture and other areas, are placing renewed emphasis on agricultural production with a view to marketing in non-Commonwealth markets primary farm commodities traditionally sold in the United Kingdom. Despite the more rapid rate of growth in nonagricultural industries than in agriculture, export receipts still come mostly from agriculture. Maintenance of high levels of receipts from pri-

mary exports is considered necessary by national leaders for carrying on the expansion of nonagricultural enterprises.

Australia has had buoyant business conditions since the end of World War II, stimulated by high exports of wool, meat, and fruit; expanding raw material production industries; establishment of British and American branch plants; and a high immigration rate. Both the metals and chemical groups have doubled their production capacity. New products manufactured in branch plants include automobiles of several makes, trucks, diesel-electric locomotives, aircraft, aluminum, manmade fibers, electronic equipment, plastics, and petroleum products. Approximately $500 million is being spent annually by manufacturers on new buildings and machinery.

Capital investment annually runs between 28 and 30 percent of gross national product. Loans from the World Bank, as well as private funds from the United Kingdom and the United States, have speeded up construction of transportation projects, new plants, and multipurpose dams.

Largest and most complex of Australia's several multipurpose projects is the Snowy Mountains Scheme in southeastern Australia. As planned, it would divert waters from the Snowy River for the generation of electricity, and discharge them into the Murray and Murrumbidgee River system, eventually making 1.8 million acre/feet of water a year available for general agricultural production. Currently, the new water available amounts to about 300,000 acre/feet. This gives the country an actual irrigated crop area of about 2 million acres. A number of additional irrigation projects and other agricultural schemes are in the process of development or are planned.

Agricultural production on a large scale is contemplated by the Federal and State Governments in Queensland and Western Australia, and by the Federal Government in the Northern Territory. Beef production is the major objective in most of the plans, but production of rice for the export market, along with feedstuffs for the expanding local cattle industry, is likely if development schemes are carried out on the scale now planned.

Since 1934–38 Australia's agricultural output has increased 63 percent, led by the livestock, feed grain, and fruit industries. Sheep numbered 156.5 million head in March 1961, an increase of 40 percent above the average for 1936–39. Wool production in 1960–61 was 64 percent larger than prewar, and exports were 66 percent larger.

Confidence in the United Kingdom-Australian 15-Year Meat Agreement and governmental creation of a favorable climate for private development in other ways has helped to engender large-scale investment by cattle producers in Australia. Contributing to the expansion of beef cattle production has been the improvement of pastures, including the reduction in numbers of rabbits, which formerly did serious damage to the ranges. Beef and veal output of Australia increased 42 percent from 1951 to the peak production year 1959, when it was about 1.9 billion pounds (table 22).

Wheat exports of 183.5 million bushels in 1960–61 were 79 percent above the average of 1934–38. Important gains occurred also in fresh and canned fruit exports.

TABLE 22.—*Canada, Australia, and New Zealand: Production of specified agricultural commodities*

Commodity	Production				Percent increase, 1934–38 to 1960
	1934–38	1952–54	1957–59	Preliminary, 1960	
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Wheat	11,538	19,826	15,382	19,667	70
Oats	5,339	6,794	7,194	8,310	56
Barley	2,024	6,142	6,013	6,062	200
Edible oilseeds	17	161	368	441	2,494
Fruit, total	1,127	1,434	1,587	1,559	38
Other food crops	3,944	5,376	6,014	6,043	53
Meat [1]	2,188	2,966	3,600	3,696	69
Milk	16,692	18,389	19,770	20,182	21
Flaxseed	34	299	524	669	1,868
Tobacco	32	75	90	110	244
Wool	595	776	960	1,025	72
Total output					[2] 63

[1] Does not include exports of live animals.
[2] Valued in terms of 1958 world prices. Includes Canadian exports of live cattle.

Official government reports, FAO, and other sources.

Frozen beef and veal exports in 1958–59 were 91 percent above the prewar level. They were, however, at lower levels the next 2 years. Trade in other meats is on a smaller scale than beef. Exports of frozen mutton doubled from prewar to 1958–59. However, frozen lamb showed a sharp decline, and pork almost disappeared from export channels.

Since 1946, New Zealand has had an uninterrupted period of economic growth. Agricultural output on a volume basis increased 62 percent from 1934–38 to 1961–62. New Zealand's gross national product on a constant value basis rose 90 percent from 1938–39 to 1958–59.

Agricultural development included increasing efficiency of organization and greater plant capacity for producing and processing pastoral products. About 50,000 acres of newly improved land is being added annually by the government's land development program. Wider use of chemicals in agricultural production and a rise in the already high consumption level of fertilizers has occurred. Improved feedstuffs and feeding practices, and efficient management of mixed dairy, meat, and wool production have also contributed to rising farm output.

Heavy borrowing and increasing earnings from primary farm product exports are being used for expansion of hydroelectric output and both expansion and improvement of transportation. New bridges, roads, and harbor facilities, including new wharves and tanker berthage space, are being built. Infrastructural expansion is partially tied in with the forest industry and a new aluminum plant. The forest products industry is rapidly increasing its export potential in pulp and paper. The aluminum project in South Island which will cost over $200 million involves construction of large dams, installation of hydroelectric equipment, and extension of port facilities.

New Zealand's principal livestock exports, such as butter, cheese, lamb, and wool, have all been expanded particularly since World War II. Total exports of New Zealand produce declined 8 percent from 1936–38 to 1945, rose 55 percent from 1945 to 1952, but rose at a slower rate from 1952 to 1959. Exports of dairy produce rose 43 percent from 1947 to 1952, and 3 percent from 1952 to 1959. Meat exports rose 20 percent from 1947 to 1952, and 8 percent from 1952 to 1959. Wool exports by 1959 had risen 87 percent above the level of 1936–38.

In the Republic of South Africa the rise in productive capacity since World War II has been rapid. The gross national product at constant prices is estimated by statisticians in South Africa to have increased by 70 percent and manufacturing output by 95 percent. The inflow of capital into agriculture was high, and farm output rose sharply though not as rapidly as did industrial production.

Total capital invested in agricultural machinery in 1946 was $200 million. In 1956 it had approximately tripled. Imports of agricultural machinery in 1946 amounted to $10 million; less than a decade later they had reached an annual rate of approximately $45 million, after which the Union's own plants supplied an increasing percentage. The number of tractors used in agriculture rose from 22,000 in 1946–47 to 102,000 in 1957. The use of nitrogen more than doubled, potash more than tripled, and superphosphate rose by more than 50 percent during the period 1948–52 to 1957–58.

Large agricultural production increases occurred after World War II, and the trend has been generally upward within the last few years. Using 1935–39 as a base period, by 1960–61 total agricultural output had risen more than 70 percent. Striking rises took place in respect to some products. Expansion occurring in production of corn, deciduous and citrus fruit, and to a lesser extent tobacco and wool placed these products in a strong export position (table 23).

TABLE 23.—*Republic of South Africa: Production of specified agricultural commodities*

Commodity	Production			Percent increase, 1934–38 to 1957–59
	1934–38	1952–54	1957–59	
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Corn	2, 015	3, 330	3, 525	75
Wheat	460	608	718	56
Grain sorghums [1]	130	220	214	65
Sugar	409	673	893	118
Citrus fruit	147	308	330	124
Grapes for wine	209	427	454	117
Other fruit	245	243	472	93
Meat	400	602	542	36
Milk	1, 335	2, 038	2, 448	83
Wool	96	118	142	48
Tobacco	9	18	31	244
Wattle extract	75	103	91	21
Total output				[2] 63

[1] Includes millets.
[2] Valued in terms of 1958 world prices.

United Nations and official Commonwealth sources.

Agricultural output, valued at $650 million in 1958–59, constituted 11.7 percent of the GNP. Changes in production expansion rates of major commodities and the domestic demand portend changes in the future export-import pattern. Corn, long a basic food crop, made spectacular output rises in the postwar years. Wheat now tends to become more popular as a foodstuff, and corn less important. Wheat now must be also imported, while corn is increasingly available for

export. Total fruit production, in terms of fresh, is more than double the prewar output.

While wool is still the largest farm export product, the many types of fruit exported are rapidly raising the value of fruit exports. In 1960 exports of wool amounted to $135 million, and fruit $94 million, while total agricultural exports amounted to $396 million. Of South Africa's leading farm exports in 1960, U.K. was the leading market for wool, the various types of fruit, corn, peanuts, meat, butter, and eggs, taking 40 percent of South Africa's total agricultural exports.

Distribution of African workers in the nation's economy has an important bearing on the Republic's role as an agricultural exporter and importer. Large numbers of African workers have migrated to urban or industrial areas where they and their families reside more or less permanently. No longer agricultural producers, they are shifting from consumption of the traditional native crops to commodities produced by the country's European farmers. Another group lives and works on farms owned by persons of European stock. A third group retains holdings in the native reserves; male workers on these holdings tend to migrate temporarily toward mining, industrial, and European farm areas.

As a result of these trends, African holdings now contribute little to the cash economy and also are food-deficit areas. As an increasing percentage of the population comes to participate in the commercial sector of the economy, the country will need to import more wheat. Either greatly increased production or substantial imports will be needed of beef and dairy products. South African agricultural economists estimate that consumption requirements for wheat will reach 76 million bushels in 1975, compared with the present consumption level of 36 million bushels. With a greater increase in production efficiency for corn than for wheat, and with the shift away from corn as the staple food, the Republic may be expected to be an increasingly important exporter of corn.

Developing Regions

The major Commonwealth countries of Africa, South and Southeast Asia, and the Caribbean area differ from those in the more technically advanced group because up to the end of World War II they had progressed more slowly, or had gotten a later start in modern industrialization. Generally they had substantial natural but undeveloped resources and underemployed manpower. In many cases the population had demonstrated its ability in such fields as industry, science, and the cultural arts.

Among needs of countries in this group were (1) entrepreneurial initiative, (2) managerial ability, (3) trained manpower, and (4) capital. Countries with any one of these deficiencies could not develop industries for supplying their own basic goods or for earning the necessary foreign exchange to purchase them. However, outside aid in the last decade has quickened their rate of development (table 24).

TABLE 24.—*Rate of fixed capital formation in selected Commonwealth developing countries*

Country	Gross domestic product, 1957–58 [1]	Gross domestic fixed capital formation as percent of gross domestic product	
		1950–54 [2]	1957–58 [3]
	Million dollars	*Percent*	*Percent*
Rhodesia-Nyasaland Federation	1,177	29	31
Kenya	577	22	21
Tanganyika	463	18	17
Ghana	990	9	13
Nigeria	2,259	6	12
Ceylon	1,120	9	10
India	56,992	6	10
Trinidad and Tobago	341	22	27
Jamaica	491	15	26

[1] Nigeria, gross national product, 1956; Trinidad and Tobago, 1956, 1957; Jamaica, 1956, 1957.
[2] Kenya, 1954; Tanganyika, 1954; Nigeria, 1950; Jamaica, 1951–54.
[3] Nigeria, 1956; Jamaica, 1956.

United Nations and official data of respective countries.

In African parts of the Commonwealth, a more broadly based economy is developing than existed prewar. Much new infrastructure is being built that will provide power, transportation, and other facilities to further the exploitation of mineral resources, expansion of agricultural production, and development of new secondary industries (tables 25 and 26).

The governments in all Commonwealth African countries are now giving greater attention to agricultural production in their economic plans. Most have programs for improving and expanding cash crop production by African farmers, as well as general programs and services that previously were utilized chiefly by non-African farmers.

Excepting the East Africa Groundnut Scheme, only a small percentage of public expenditure for development purposes went directly to improvement of agriculture in the decade after World War II. Despite this situation, production expanded in such commodities as tobacco, coffee, tea, and cocoa in countries where it was already established on an export basis. High world prices and relatively stable political conditions were incentives to agricultural expansion. The British Government maintained its welfare aid, including assistance to scientific agriculture. In Ghana, Nigeria, and Uganda, and to some degree in a few other countries, profits of marketing boards were applied in part to agricultural research, education, and extension work.

Table 25.—*Commonwealth African countries: Population and agricultural land resources*

Country	Estimated population [1]			Estimated arable land [1]			Arable land per capita, 1957–59	
	1947–49	1957–59	Increase	1947–49	1957–59	Increase		
	Thousands	*Thousands*	*Percent*	*Thousand hectares*	*Thousand hectares*	*Percent*	*Hectares*	*Acres*
East Africa:								
Kenya	5, 406	6, 450	19	1, 600	1, 800	12	0. 3	0. 7
Tanganyika	7, 478	8, 919	19	3, 000	3, 600	20	. 4	1. 0
Uganda	4, 959	5, 868	18	2, 239	2, 882	29	. 5	1. 2
Zanzibar	265	299	13	100	135	35	. 5	1. 2
Federation of Rhodesia and Nyasaland:								
Northern Rhodesia	1, 645	2, 300	40	----------	1, 200	--------	. 5	1. 2
Nyasaland	2, 350	2, 710	15	----------	1, 400	--------	. 5	1. 2
Southern Rhodesia	2, 022	2, 816	39	----------	1, 837	--------	. 7	1. 7
West Africa:								
Gambia	249	290	6	----------	221	--------	. 8	2. 0
Ghana	4, 137	4, 836	17	----------	4, 000	--------	. 8	2. 0
Nigeria	[2] 27, 000	32, 433	20	----------	19, 000	--------	. 6	1. 5
Sierra Leone	2, 000	2, 260	13	----------	2, 750	--------	1. 2	3. 0
Commission territories in South Africa:								
Basutoland	556	658	18	----------	376	--------	. 6	1. 5
Bechuanaland	300	334	11	----------	164	--------	. 5	1. 2
Swaziland	194	260	34	----------	113	--------	. 4	1. 0
Total	58, 561	70, 433	20	----------	39, 478	--------	. 6	1. 4

[1] Data shown are for 1948 and 1958 where available.
[2] Estimated by using United Nations population figure for 1958 and average annual rate of population increase, 1953–57.
United Nations, FAO, and official Commonwealth sources.

Table 26.—*Commonwealth African countries: Production of specified agricultural commodities*

Commodity	Production		Percent increase, 1952–54 to 1957–59
	1952–54	1957–59	
	1,000 metric tons	*1,000 metric tons*	*Percent*
Grain sorghums [1]	5, 110	5, 470	7
Corn	3, 484	4, 416	27
Rice, milled	462	547	18
Peanuts, in shell	1, 265	1, 552	23
Cottonseed	226	306	35
Other oilseeds	147	156	6
Palm oil	520	554	7
Palm kernels	487	516	6
Cassava	13, 132	13, 423	2
Sweet potatoes and yams	13, 481	14, 916	11
Sugar	125	193	54
Beans and peas	774	908	17
Fruits, other than bananas and plantains	79	98	24
Meat	656	843	29
Milk	960	1, 519	58
Cocoa	343	394	15
Coffee	79	153	94
Tobacco	84	122	45
Cotton	111	143	29
Sisal	207	257	24
Rubber, natural	20	52	160
Total output	--------	--------	[2] 23

[1] Includes millets.
[2] Values in terms of 1958 world prices.
United Nations and official Commonwealth sources.

Lack of success in the Queensland Grain Sorghum Scheme and the East African Groundnut Scheme—planned, financed, and developed by the British Overseas Food Corporation—has tended to discourage crash programs for expansion of production. There are several examples of British Government funds going into expansion of plantation, ranch, or estate type production on a fairly large scale, but generally, public funds are being directed to the extension service type of assistance.

Development in the Federation of Rhodesia and Nyasaland has been rapid and diversified, covering a wide range of agricultural and mining enterprises and an increasing number of manufacturing enterprises.

Agricultural output increased 40 percent from 1952–54 to 1961. A substantial segment of the African population is employed in the wage-earning economy. Significant progress has been made, particularly in Southern Rhodesia, through comprehensive watershed conservation and development programs, and public and private marketing programs for both European and African farm products.

The Southern Rhodesian Department of African Agriculture has a well developed and expanding voluntary program for land consolidation and improvement of cash crops, livestock, and production methods in African areas under the Native Land Husbandry Act. A separate program for purchase and operation of larger farms under the Native Purchase Act is also progressing.

European farmers, with well managed farms

and extensive livestock units in low rainfall areas, generally employ modern farm equipment and advanced production techniques. The spectacular production expansion in the flue-cured tobacco industry has occurred entirely on the European farms. In Northern Rhodesia the major emphasis has been on mining and subsistence agriculture, but increased importance is now being placed on cash crop production on European and African farms. Northern Rhodesia has higher and better distributed rainfall than much of Southern Rhodesia, and has substantial areas of underdeveloped land.

In densely populated Nyasaland, most farmers are African, whose main commercial crops are tobacco, cotton, some corn, peanuts, beans, and rice. The economy is still primarily a subsistence one; all large production units producing tea, tung oil, and flue-cured tobacco are European, but make up less than 3 percent of the agricultural area. Most of the tobacco is dark fire-cured leaf, and is produced by Africans on their plots.

The Federation is expanding production of tobacco, tea, and tung oil primarily for export markets. It is both an exporter and importer of cotton, peanuts, and several lesser important commodities. Corn—until recent years entirely consumed domestically—is taking on some importance as an export crop; annual exports now usually run between 5 million and 10 million bushels. Beef exports have declined slowly from 18.6 million pounds prewar to half that in recent years.

Next to the United States, the Federation is the world's largest exporter of flue-cured tobacco. Total unmanufactured tobacco exports in 1960 amounted to 192 million pounds, compared with an average of 117 million in 1950–54, 78 million in 1945–49, and 33.4 million in 1935–39. Through larger acreage and higher per acre yields, tobacco producers are continuing to reach new record production levels. Cotton production, restricted to Nyasaland and to African farmers, has encountered many disease and insect hazards. Technicians are making a coordinated attack on this problem, but a large-volume export crop is precluded by the limited amount of available land.

Industry, in addition to further expanded mining, continues to grow, particularly in Southern Rhodesia. The first stage of the immense Kariba Dam on the Zambezi River dividing Northern and Southern Rhodesia has been completed at a cost of $226 million. The second stage will cost an estimated additional $90 million. The dam is planned to furnish a steadily increasing quantity of electric power for expansion of mining and manufacturing in both Northern and Southern Rhodesia over one of the longest powerline systems in the world.

Irrigation is not a part of the Kariba Dam scheme, but some smaller scale dams are designed as multiple-purpose projects including agricultural development.

The three East African countries of Tanganyika, Uganda, and Kenya have developed a customs union with no tariff duties, and a minimum of quantitative restrictions against each other's products. They have set agreed maximum levels on their external import tariffs and generally have the same import duty rates, though there are some significant exceptions. The external rates are fairly low, but an import quota system tends to allow imports of farm products into any one of the three countries only if requirements are not met from production within the three countries.

Under increasing East African demand for food and other farm products, part of which is coming from expanding processing industries in the area, these tariff arrangements are encouraging production of cotton, sugar, and tobacco, not only for domestic use but also for use in any one of these three associated countries. There is also increasing production for export of such crops as coffee, tea, and sisal.

Private capital was first attracted significantly to Kenya, Tanganyika, and Uganda early in the present century. Cotton and sisal were first emphasized. This was followed by pyrethrum, coffee, tea, and sugar between the world wars, and since World War II by cashew nuts. Coffee, tea, sugar, cottonseed oilcake and meal, and cashew nuts have recently increased in importance. Mixed livestock and grain farming operations by Europeans are limited almost entirely to the highlands of Kenya, where there is also plantation growing of coffee and tea. Sharp production increases, among several commercial crops, have occurred in the last decade or so.

In Uganda, farm output rose only 22 percent from 1952–54 to 1960, but coffee production increased 2½ times and tea production about 100 percent from 1950 to 1959. Cotton production of 300,000 bales in 1959 was slightly above the production level prewar as well as 1950–54. Export increases have been largely in coffee, with increases also in tea, cottonseed oil, and oilseed cake and meal. Raw cotton exports, having risen only slightly in the last 10 years, are now exceeded in value in some years by coffee exports.

Agricultural output in Tanganyika has risen 41 percent since 1952–54. Sisal output increased from 123 million to 460 million pounds, and cotton from 45,000 to 168,000 bales from 1950 to 1959. Coffee production doubled. Tea and sugar production nearly tripled. Flue-cured tobacco production for interterritorial trade has been greatly expanded in Tanganyika.

A project for expanding sugar production in Tanganyika at the northern end of the Kilombero Valley, Tanganyika, is being developed by the newly formed Kilombero Sugar Co. Sugar production of 20,000 tons a year is expected in 1962. Capital is being supplied by the Colonial Development Corporation, the International Finance

Corporation, and Dutch financial and sugar-growing interests. Present sugar production in British East Africa ranges between 140,000 and 150,000 short tons annually, raw value.

There is an increasing trend in Kenya from communal ownership to individual family farms, and a rapid growth of marketing cooperatives. Among several notable programs in Africa for consolidation of small African holdings and the shifting of subsistence production to viable commercial agriculture is the one under the Swynnerton Plan in Kenya which enables the African to acquire land and develop a homestead and a paying commercial farm. Also, with financial help from the United Kingdom, Kenya is purchasing land in the highlands from European farmers for resettlement of African farmers.

In Kenya the major portion of cash crop production is still from non-African farms. Progress is being made, however, in raising farm output and the cash income among African farmers. Particular emphasis in Kenya is being given to increased production of Arabica coffee, tea, pyrethrum, and livestock products. Overall agricultural production in Kenya rose 45 percent from the average of 1952–54 to crop-year 1960–61.

Agricultural development in West Africa has so far occurred mostly on individual farms not more than a few acres in size. Besides subsistence crops, these holdings produce several important export commodities, such as cocoa, palm oil, palm kernels, peanuts, rubber, cotton, and bananas. Cocoa and peanut production particularly have expanded as a result of educational and demonstration work among small farmers.

Nigeria is the most populous and the largest agricultural producer of the Commonwealth countries in Africa. It is the leading world exporter of peanuts, palm oil, and palm kernels. Between 35 and 40 percent of the peanut and major parts of the peanut oil and other oil and oilseed exports go to the United Kingdom. The remainder goes largely to the Common Market countries of Western Europe. A factor encouraging exports is success of Nigeria in raising the quality of its peanuts, other oilseeds, and their products.

Total agricultural output in Nigeria rose about 31 percent from 1952–54 to 1960–61. The increased production is reflected in a few important exports. Peanut production rose from an average of 843,000 tons in 1950–54 to 1,140,000 in 1958; exports rose from 495,015 to 862,138 tons in the same period, an increase of 74 percent. Though still less important than peanut exports, the trade in peanut oil is growing in importance, having risen from 14,957 tons in 1950–54 to 44,342 tons in 1958. Exports of palm kernels rose slightly, while exports of palm oil declined.

Cotton exports reached a new high level in 1958. From the average for years 1952–54 to 1958, they rose 58 percent to 198,000 bales in 1958.

In addition to many forms of assistance to producers on small scattered plots, Nigeria has recently sought to aid production by resettling small farmers on more economic units and also by encouraging production on plantation-type estates of rubber, palm oil, and palm kernels. The Regional Governments of Eastern and Western Nigeria and private interests are cooperating in supplying capital and technical know-how in the latter type of program. Over and above ordinary private and governmental expenditures on agriculture, plans call for current capital expeditures on agriculture of public Nigerian funds amounting to $5.5 million annually or 4 percent of total planned capital expenditure. Transportation, water supply, education, and health services are especially emphasized.

Proposals for construction of dams on the Niger and Kaduna Rivers, costing $336 million, were approved by the Government of Nigeria in March 1960. Approval was based on reports by hydrological consultants that a multipurpose development scheme for the Niger-Benue River system would open up navigation to underdeveloped areas, provide much-needed low-cost electric power for the country's industrial development, and provide benefits to agriculture from irrigation and flood control in the extensive Niger flood plain. These improvements, plus plans of the National Planning Council for steel and aluminum industries and other developments in the sectors of Federal Government and foreign private capital expenditure, would cost $2.8 billion during the next 6 years.

Ghana is the world's largest exporter of raw cocoa. Production of this crop developed to such a high degree of efficiency prior to World War II it raised the country's standard of living. In the last 7 years total farm output has risen by 48 percent.

A second 5-year development program designed to raise the GNP and the agricultural production level was begun in Ghana in July 1959 at an estimated cost of $900 million. It includes plans for utilization of cattle and cereals production to develop northern Ghana and to make the country more self-sufficient with respect to food. It contains plans for governmental incentives to encourage rubber and banana production, the most promising cash crops in addition to cocoa. The program also includes plans for establishment of 600 factories and construction of a dam for the Volta River aluminum project at an estimated cost of $280 million, for which much preliminary engineering and financial groundwork had been completed by midyear 1961.

An aluminum mill, already in production at Tema, will use imported aluminum ingots until the Volta River project is constructed. Beginning operations in 1959, it is undergoing plant expansion including installation of a rolling mill

at a cost of about $3 million, financed by private capital and the Commonwealth Development Finance Company, Limited.

Increased demand for various types of foodstuffs in African Commonwealth areas is resulting from new employment opportunities and the various other types of economic activity associated with the many development projects. More variety in the food consumption pattern is becoming evident, particularly in urban areas and high income farm areas.

In South and Southeast Asia, governments are strongly motivated by the need for economic development and social betterment. Population growth rates are high, while agricultural production efficiency for the most part is low. Cultivated land per capita averages about 1 acre for the region, but much less in some parts (table 27).

Table 27.—*South and Southeast Asia countries: Population and agricultural land resources*

Country	Population [1]			Arable land [1]			Arable land per capita, 1957–59	
	1947–49	1957–59	Increase	1947–49	1957–59	Increase		
	Thousands	*Thousands*	*Percent*	*Thousand hectares*	*Thousand hectares*	*Percent*	*Hectares*	*Acres*
British Borneo	929	1, 142	23	2, 652	3, 620	37	3. 2	7. 9
Burma	18, 119	20, 457	13	8, 754	[2] 8, 582	−2	. 4	1. 0
Ceylon	7, 086	9, 388	32	1, 469	[3] 1, 523	4	. 2	. 5
Hong Kong	1, 800	2, 748	53	13	14	8	. 01	. 02
India	342, 120	397, 540	16	123, 820	160, 006	29	. 4	1. 0
Malaya Federation and Singapore	5, 952	7, 014	18	2, 129	2, 200	3	. 3	. 7
Pakistan	[4] 81, 500	85, 635	5	[5] 20, 720	[5] 24, 726	19	. 3	. 7
Total	457, 506	523, 924	14	159, 557	200, 671	26	. 4	1. 0

[1] Data shown are for 1948 and 1958 where available.
[2] Some provinces not reported.
[3] 1954.
[4] Partially estimated.
[5] Does not include Baluchistan.

United Nations and official Commonwealth sources.

Rice is the major food crop, but wheat, many other cereal crops, oilseeds, and pulses are grown extensively. Production of these crops did not keep pace with the population growth from 1935–39 to 1952–54, leaving a serious food deficit in the area. Total agricultural output from 1935–39 to 1960 rose an average of only 1.2 percent annually, while the rate of population growth was in the neighborhood of 2 percent annually (table 28).

Yields per acre are low, particularly in India, Pakistan, and Ceylon. Much of the land is not very productive because of continuous cropping without restoration of plant nutrients, and because of salinization and waterlogging of soils from irrigation over the centuries. Reclamation of much land is taking place, but the process is a slow and costly one.

Weather also has an important bearing on domestic food production. Whether it is a good growing season in India, Burma, Ceylon, or East Pakistan depends upon the monsoons. In West Pakistan and many parts of India, drought as well as havoc from excess rains is oftentimes a serious problem.

Major economic and administrative problems have arisen out of the secession from the British Crown of the Asian subcontinent and its separation into the sovereign nations of India, Pakistan, and Burma. Some of the most urgent were related to the mass feeding and housing of refugees who migrated from one country to another. Others concerned the division of the jute and related industries and the loss of skilled technical and administrative personnel. In recent years, relations between India and Pakistan at various official levels have improved, permitting an increasing amount of mutually beneficial cooperation in matters affecting their food and agricultural problems.

Each government is trying to raise the standard of living by setting up successive 5-year economic development plans designed to increase output, create jobs, and raise the level of production efficiency. Programs for agricultural development are given a central place in these plans.

General goals in India's third 5-year plan, April 1, 1961, through March 31, 1966, are (1) 5-percent increase in national income annually; (2) 4 percent increase in consumption annually; (3) self-sufficiency in food; and (4) stepped-up rate of export for textiles, jute, tea, tobacco, and oilseeds. Annual production goals by 1966 are 100–105 mil-

TABLE 28.—*South and Southeast Asia countries: Production of specified agricultural commodities*

Commodity	Production				Percent increase, 1935–39 to 1960
	1935–39	1952–54	1957–59	Preliminary 1960	
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Wheat	10, 322	10, 274	12, 832	13, 970	35
Rice (milled)	35, 945	40, 505	43, 745	45, 713	27
Other grains	16, 345	22, 215	23, 070	24, 146	48
Peanuts (unshelled)	3, 313	3, 894	5, 118	5, 010	51
Cottonseed	2, 658	2, 565	2, 666	2, 746	3
Other oilseeds	3, 349	3, 585	3, 654	3, 870	16
Fruit [1]	3, 637	3, 438	3, 679	3, 922	8
Other food crops	20, 353	25, 399	29, 517	30, 808	51
Meat	1, 087	1, 254	1, 345	1, 401	29
Cotton	1, 181	1, 125	1, 170	1, 224	4
Jute	1, 500	1, 556	1, 926	1, 919	28
Tobacco	533	387	407	427	−20
Tea	321	463	536	552	72
Rubber	501	722	816	891	78
All commodities [2]					[2] 33

[1] Estimate, based on incomplete coverage but comparable data for representative years.
[2] Valued in terms of 1958 world prices.

Official government reports, FAO, and other sources.

lion tons of food grains (an increase of 33–40 percent), 7.2 million bales of cotton (an increase of 33 percent), 6.5 million bales of jute (an increase of 18 percent), 5.8 billion yards of cotton textiles (an increase of 16 percent), 100,000 motor vehicles, and 2.5 million bicycles (table 29).

TABLE 29.—*India: Production goals for specified agricultural commodities in third 5-year plan*

Commodity	Unit	Production goal, 1965–66	Increase, 1965–66 over 1960–61
			Percent
Foodgrains	Million tons	100–105	33–40
Oilseeds	do	9. 2–9. 5	28–32
Sugarcane	do	9. 0–9. 2	25–28
Cotton	Million bales	7. 2	33
Jute	do	6. 5	18
Coconuts	Million nuts	5, 750	28
Cashew nuts	Thousand tons.	150	106
Pepper	do	30	3
Tobacco	do	325	8
Tea	Million pounds.	850	17
Coffee	Thousand tons.	80	78
Rubber	do	45	71
All commodities			30–33

Third 5-Year Plan, Government of India Planning Commission, 1960.

Basic to the achievement of other goals are the annual production targets set for key industries, such as steel ingots at 9.5 million tons, coal at 97 million tons, and cement at 13 million tons. To provide needed transportation, the government will seek to add 1,200 miles of new railway lines, 20,000 miles of new surfaced highways, and 200,000 tons of shipping. To help toward solution of basic social and economic problems, every village will be provided with a link to the nearest railway station or main highway, with pure drinking water, and with a schoolhouse to serve also as a community center. Free universal education will be provided certain age groups. Family planning centers will be increased from 1,800 to 8,200.

Requirements for success in the ambitious Indian agricultural development program appear to be threefold: First, capital requirements for the fertilizer plants and irrigation schemes and targets for such production requisites as water, fertilizers, and insecticides must be met. Second, methods must be developed for utilization of these requisites under South Asian conditions. Third, farmers must use the modern production means to be placed at their disposal.

To reach the targets, additional irrigation extending to 30 million acres of land is programed, of which half would come from wells and small dams and half from large multipurpose projects providing irrigation, flood control, and hydroelectric power. About 70 million acres were under irrigation in 1960. Allowing for retirement of old

irrigation works, a net irrigated area of 90 million acres is sought by the end of the third plan.

To attain the production goals set for the third 5-year plan, the Ministry of Food and Agriculture has programed a large expansion of chemical fertilizer production. Nitrogen, phosphate, and potash supplies must be increased by many times the 1958–59 level. Since for balance-of-payment reasons huge quantities can not be imported, India is giving a high priority to construction of fertilizer plants.

Moreover, it will be a problem to obtain scientific application of the inorganic fertilizers once they are produced. The government is helping with fertilizer distribution by controlling the price, and by providing credit. The government has initiated a program to overcome fears of many farmers that chemicals will injure the soil. In addition, it is emphasizing guidance in proper application of fertilizer in the Community Development Program, which now reaches more than half of India's farm villages.

Agricultural output is beginning to make a better showing in the all-important race between population growth and agricultural output in India. Farm output rose less than 1 percent annually from 1935–39 to 1952–54, despite great emphasis during and following the war on the grow-more-food program. It increased by 2.7 percent annually from 1952–54 to 1957–59. The total farm output in 1959, and again in 1960, was a record one, though there were floods and drought adversely affecting growing conditions in some areas.

Large food imports will be necessary for at least several years to come. In calendar year 1958, India imported about 3.2 million metric tons of food grains and pulses, of which 2.7 million was wheat. And imports of food grains in 1959 amounted to about 3.9 million tons, of which 3.5 million were wheat, 0.3 million was rice, and 0.1 million was composed of corn and grain sorghums. India's 4-year agreement with the United States provides for importation of 16 million tons of wheat and 1 million tons of rice, 1960–63. Her 5-year agreement with Burma provides for imports of rice amounting to 2 million tons, during the period 1960–64. If the momentum of India's development is to be maintained, a high level of grants and loans from abroad will also be necessary. Out of discussions between Indian representatives and representatives of several of the leading industrial nations and the World Bank have come suggestions that outside financial aid amounting to $1\frac{1}{4}$ billion annually is needed for the first 2 years of the third 5-year plan.

Pakistan's agricultural development program includes irrigation, drainage, more fertilizer, better seeds, expanded credit, and the training of farmers in better methods of cultivation. The first 5-year plan, ended July 1960, was only partly successful. Instead of increasing national income by 15 percent and food grain production by 9 percent, as was planned, these goals were only two-thirds fulfilled.

The new 5-year plan, which began in July 1960, provides for expenditure of $4.0 billion, with even a larger percentage financed from outside than in the case of India. Production increases planned include national income by 20 percent, food grain production by 21 percent, fertilizer utilization by 400 percent. Among the larger projects in Pakistan, some involve development and irrigation of 2 to 3 million acres of land in each. Major irrigation projects would benefit up to 8 million acres of land. Reclamation of waterlogged land, including land with high saline content water, is also taking place.

If Pakistan is to attain its food production goals, it must increase production of agricultural supplies and adopt better cultivation practices. Progress has already been made in construction of fertilizer plants, running of fertilizer trials, and expansion of extension services.

A superphosphate factory with a capacity of 12,000 long tons annually came into production in 1957. However, in 1958–59 it produced only 1,700 tons. Plans for four plants were provided for in the first 5-year plan, one of which is in operation.

Reorganization and strengthening of the extension service and expansion of the large-scale farm demonstration program are to take place under the second 5-year plan. The outlook for agricultural industry growth in Pakistan is more favorable than during the first plan. Completion in January 1961 of the $70 million multipurpose dam on the Kabul River is encouraging.

A project that would benefit the 40 million people living in the northeast part of West Pakistan and northwest India is that for the redistribution of waters of the Indus River and its five major tributaries, provided for in the Indus Waters Treaty signed in September 1960. It is intended to resolve the dispute over the division of the waters of the Indus River which grew out of the separation of Pakistan and India in 1947.

The Indus water diversion program would involve construction of great canals and reservoirs. Its cost is estimated as $1,070 million, with a total of over $800 million to come from the United States, Canada, Australia, India, New Zealand, the United Kingdom, and West Germany. The program will enable India to expand irrigation development and Pakistan to expand irrigation and reclamation of land from waterlogging and salinity caused by longtime irrigation. It will require at least 10 years to complete, so the impact of this project on the food deficit in South and Southeast Asia will not be felt for several years.

Non-Commonwealth Burma—with close economic ties to India and the fertile Irrawaddy delta—has traditionally been a supplier of rice to

the Commonwealth countries of South and Southeast Asia. Communist and Nationalist Chinese elements inside Burma delayed its reconstruction and development following its independence in 1948. Within the last few years, however, much economic progress has been made.

In the Federation of Malaya and in Ceylon, capital for agricultural development has gone into production of major export crops as well as rice and several other food crops for reducing dependence upon imports. In Malaya, the emphasis on export crops is on rubber, palm oil and palm kernels, pepper, tea, and pineapples; in Ceylon, on tea, rubber, and coconuts.

Development schemes, usually on a 5-year basis, are planned or currently in progress in many U.K. dependencies, including Malta, the Seychelles, the Aden Protectorate, North Borneo, British Guiana, Swaziland, Mauritius, and St. Helena. The United Kingdom's Colonial Development Corporation has helped in starting production or processing of agricultural products that develop into successful enterprises.

Western Hemisphere dependencies of the United Kingdom are heavily populated relative to their land resources. There was little expansion in agricultural production until in recent years (table 30).

TABLE 30.—*Western Hemisphere Commonwealth countries: Population and agricultural land resources*

Country [1]	Population [2]			Arable land [2]			Arable land per capita, 1957–59	
	1947–49	1957–59	Increase	1947–49	1957–59	Increase		
	Thousands	*Thousands*	*Percent*	*Thousand hectares*	*Thousand hectares*	*Percent*	*Hectares*	*Acres*
Bermuda	36	43	19	0.3	0.4	33	0.01	0.02
British Guiana	383	532	39	135	[3] 150	11	.30	.70
British Honduras	63	85	35	200	[3] 225	13	2.60	6.40
British West Indies:								
Bahamas	76	136	79	[3] 14	13	−7	.10	.20
Barbados	201	235	17	27	28	4	.12	.30
Jamaica	1,350	1,630	21	171	227	33	.14	.30
Leeward Islands	110	138	25	[3] 30	37	23	.27	.60
Trinidad [4]	595	789	33	[3] 170	174	2	.22	.50
Windward Islands	264	332	26	[3] 65	75	15	.22	.50
Total	3,078	3,920	27	812.3	929.4	14	.24	.60

[1] Canada not included.
[2] Data shown are for 1948 and 1958 where available.
[3] Estimated.
[4] Includes Tobago.

United Nations and official Commonwealth sources.

Current or recent development includes fertilizer and feed plants, cement plants, sawmills, telecommunication installations, public roads, electric power plants, water control, warehousing, rice and citrus production and processing, rural self-help development projects, and tourist hotels. An increasing number of small projects involve two-way or three-way partnerships in which public corporations and private enterprise participate. The Colonial Development Corporation has had a part in those projects, among others, for developing commercial production or improving marketing facilities for bananas, citrus fruit, copra, and rice. In 1960 the Corporation had commitments for 19 projects in the Caribbean area costing $41 million.

Territorial development corporations, operating independently or in collaboration with the Colonial Development Corporation, seek to encourage entry of foreign capital in business or industry. West Indies departments of agriculture carry on extension functions and encouragement of production. Scientific agriculture is promoted to some extent through regional consultation at professional levels.

In Jamaica, a variety of tax measures enacted within the last 10 years have attracted foreign investors; they built 60 or more new manufacturing concerns during the 1950's.

Private companies have invested over $165 million in exploitation of bauxite. In addition to mining, roadbuilding, and harbor improvement, some of the large companies have introduced modern agricultural supplies, and have put on useful demonstrations of improved farming methods. Private capital engaged in other enterprises in the West Indies has shown an awareness of the social needs and has helped to provide educational, recreational, and health services for workmen, their families, and sometimes for whole communities.

641209—62——6

V. Commodity Output and Trade

The increase of production among farm commodities from 1934–38 to 1957–59 has been uneven. It has been higher for feedgrains than for wheat or rice, and higher for meat and eggs than for milk. Ranking high has been the increased output of such commodities produced for export as wool, rubber, and tobacco (excluding India). With respect to oilseeds, many have shown increased production but decreased exports. Meats, meat products, milk products, and fruit have shown the same trend with notable exceptions in a few countries. (See figs. 3 and 4.)

From prewar to 1957–59, imports of Commonwealth wheat have risen, mostly in South Asian countries under aid programs or special financing arrangements. Exports by Commonwealth to non-Commonwealth countries have risen, particularly for wheat and other grains, livestock and meats, wool, rubber, and spices.

Foreign nations supplying farm products to the Commonwealth, among which the United States stands to benefit most, would appear to have the opportunity of developing expanded markets in both the more developed and new developing Commonwealth countries. On the other hand, they face for some commodities increased competition in non-Commonwealth markets from products originating within the Commonwealth.

Grains

The Commonwealth is almost self-sufficient in grain. If it used every ton it produced, imports of only about a million tons of grain would be necessary. Production in 1957–59 reached 105 million tons, 40 percent more than was produced annually 1934 to 1938. Rice production rose by nearly 40 percent, coarse grains about 50 percent, and wheat about 30 percent.

More rice is grown than wheat, because it has been historically the basic diet of a large percentage of the approximately 500 million persons residing in South and Southeast Asian countries of the Commonwealth. Both wheat and rice production declined in India during World War II, wheat by about 15 percent, rice by about 10 percent.

Wheat is widely distributed in the Commonwealth for several reasons: It is the favored cereal in the non-Asian and non-African countries; it can be grown under diverse soil conditions; and it withstands more hazardous climatic conditions than any other grain crop now grown in the Temperate Zone. Its habitat has been extended in recent years by increasing use of new drought-resistant, early-maturing varieties. New varieties, too, have increased yields because of their resistance to rust and smut. Furthermore, increased yields have come about through more widespread application of fertilizer, use of insecticides and fungicides, and improved cultivation and fallowing practices.

Great effort is being made to increase food grain production in India, which will most likely be partly successful, assuming an average number of good and bad monsoon seasons. There are also available lands in other countries suitable for increased wheat and feed grain production, particularly in Canada and Australia.

Canadian and Australian wheat producers are employing proved scientific practices suitable to their soil and climate to increase acreage, yields, and quality (tables 31 and 32).

TABLE 31.—*Grain: Production in major Commonwealth and associated producing countries*

Commodity	Production			Increase, 1934–38 to 1957–59
	1934–38	1952–54	1957–59	
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Rice	36, 372	41, 152	44, 523	22
Wheat	24, 414	34, 000	32, 439	33
Millet and sorghum	15, 549	20, 926	21, 741	40
Corn	6, 325	10, 860	12, 751	102
Barley	5, 199	11, 820	12, 775	146
Oats	8, 041	10, 176	9, 870	23
Rye	218	663	254	17
Total	96, 118	129, 597	134, 353	40

TABLE 32.—*Corn: Production in major Commonwealth and associated producing countries*

Country	Production			Increase, 1934–38 to 1957–59
	1934–38	1952–54	1957–59	
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Republic of South Africa	2, 015	3, 330	3, 525	75
India	[1] 2, 223	2, 961	3, 398	53
Rhodesia-Nyasaland	([2])	937	1, 161	--------
Kenya	([2])	800	1, 068	--------
Nigeria	([2])	887	1, 069	--------
Canada	172	533	766	345
Tanganyika	([2])	400	587	--------
Pakistan	[1] 364	399	472	29
Uganda	([2])	285	337	--------
Australia	125	125	141	13
Ghana	([2])	165	184	--------
Burma	[1] 42	38	43	7
Total	[3] 6, 325	10, 860	12, 751	102

[1] 1935-39.
[2] Data incomplete.
[3] Includes estimates and early postwar figures where 1934–38 data are incomplete.

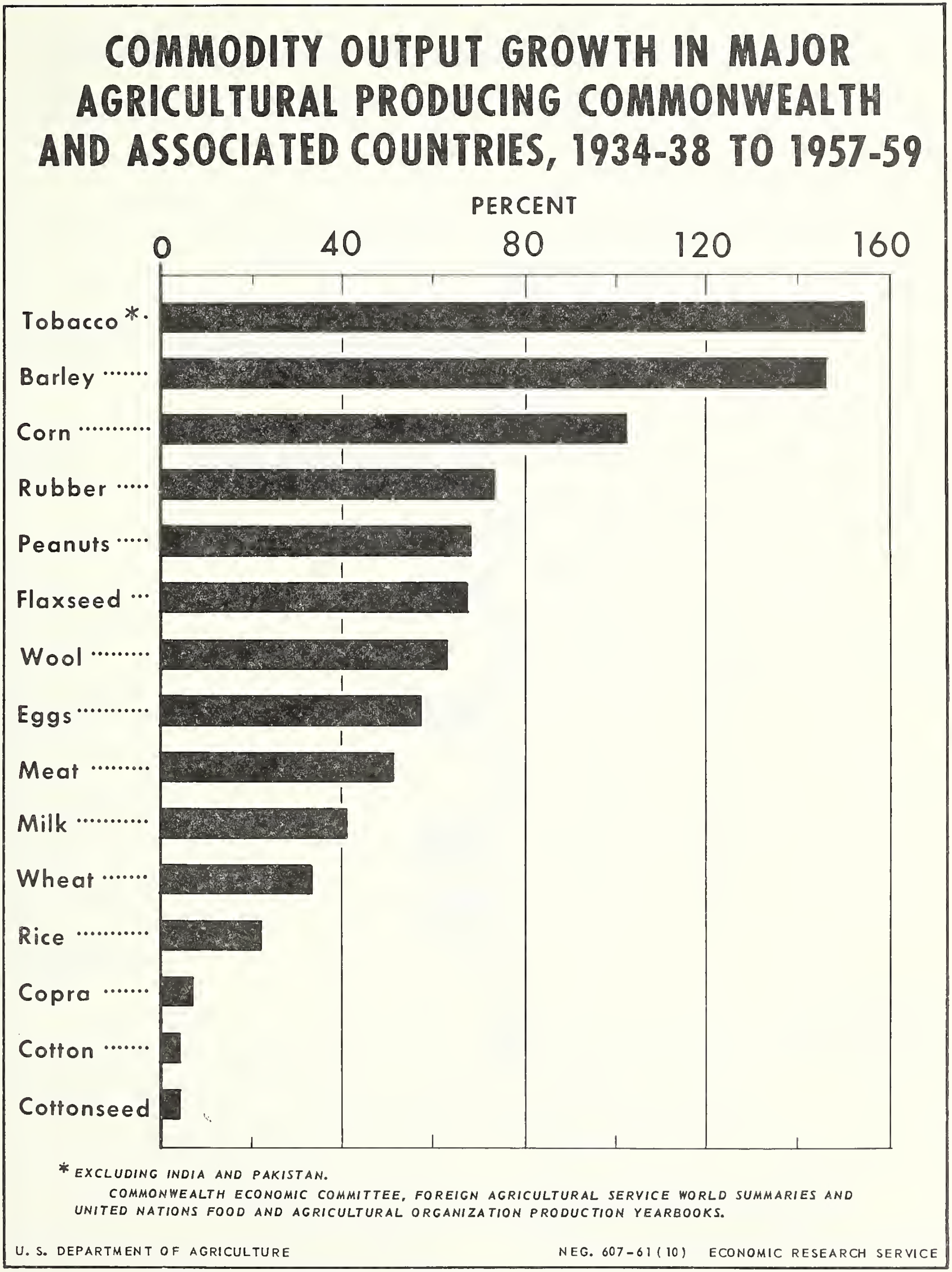

COMMODITY OUTPUT GROWTH IN MAJOR AGRICULTURAL PRODUCING COMMONWEALTH AND ASSOCIATED COUNTRIES, 1934-38 TO 1957-59
PERCENT
0
40
80
120
160
Tobacco *
Barley
Corn
Rubber
Peanuts
Flaxseed
Wool
Eggs
Meat
Milk
Wheat
Rice
Copra
Cotton
Cottonseed
* EXCLUDING INDIA AND PAKISTAN.
COMMONWEALTH ECONOMIC COMMITTEE, FOREIGN AGRICULTURAL SERVICE WORLD SUMMARIES AND UNITED NATIONS FOOD AND AGRICULTURAL ORGANIZATION PRODUCTION YEARBOOKS.
U. S. DEPARTMENT OF AGRICULTURE
NEG. 607-61 (10)
ECONOMIC RESEARCH SERVICE

Figure 3

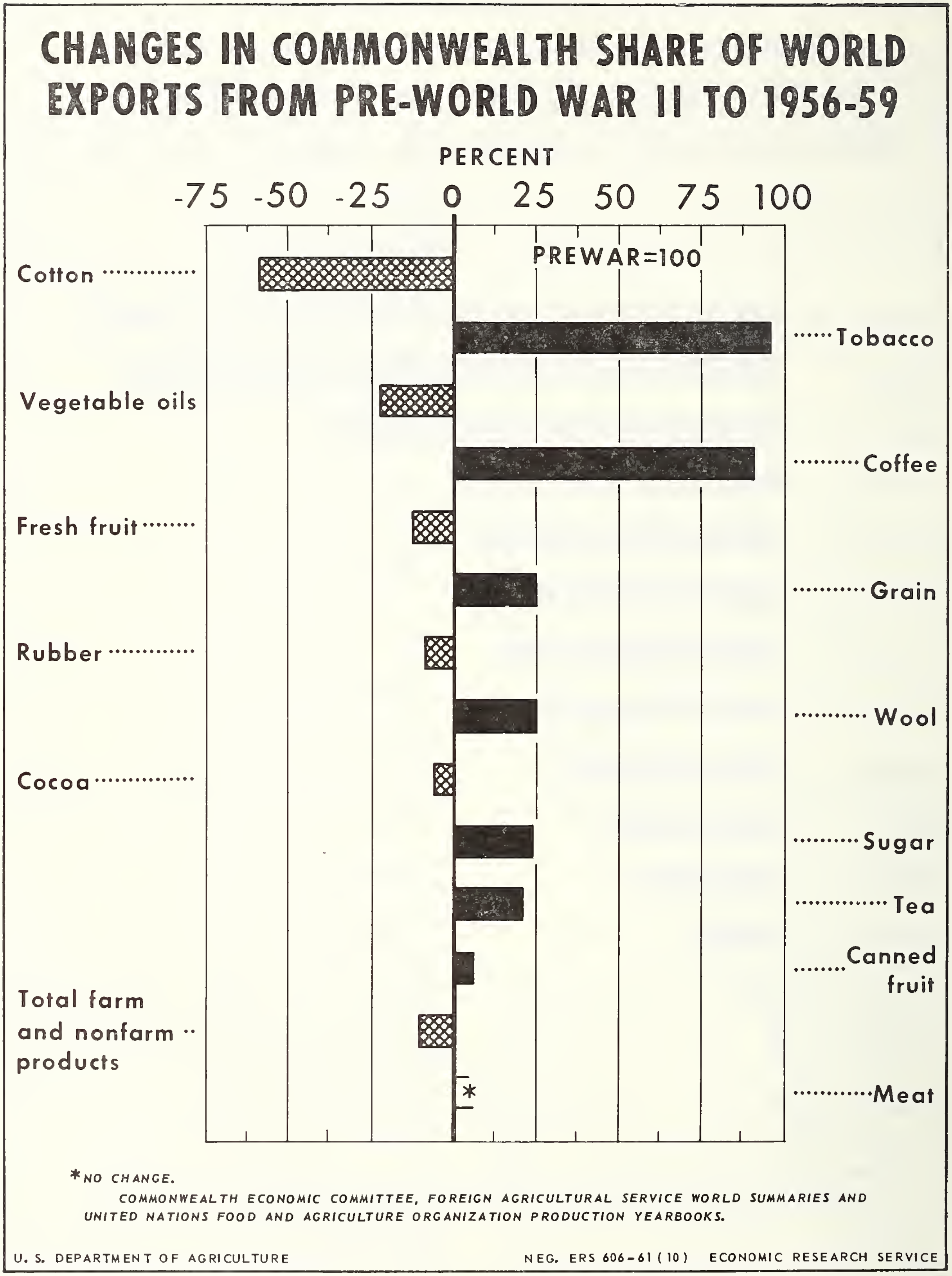

CHANGES IN COMMONWEALTH SHARE OF WORLD EXPORTS FROM PRE-WORLD WAR II TO 1956-59
PERCENT
-75 -50 -25 0 25 50 75 100
PREWAR=100
Cotton
Tobacco
Vegetable oils
Coffee
Fresh fruit
Grain
Rubber
Wool
Cocoa
Sugar
Tea
Canned fruit
Total farm and nonfarm products
Meat
*
*NO CHANGE.
COMMONWEALTH ECONOMIC COMMITTEE, FOREIGN AGRICULTURAL SERVICE WORLD SUMMARIES AND UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION PRODUCTION YEARBOOKS.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 606-61 (10)
ECONOMIC RESEARCH SERVICE

Figure 4

Commonwealth exports of wheat by surplus-producing countries and imports by deficit countries may both be expected to increase in the years ahead. Overall consumption of wheat in the Commonwealth should show a definite rise.

While per capita consumption of wheat as human food in most of the more advanced Commonwealth countries shows a downward trend, as it does in the United States, population increase and some revival of wheat utilization for livestock feed should tend to maintain total wheat consumption in those countries at or near present levels. In the developing countries, the increased consumption per capita may be small because of the limited per capita income, but the demand is large in terms of overall requirements because of the large number of peoples in underdeveloped Commonwealth countries of South Asia, Africa, and the West Indies.

Wheat and flour imports of Commonwealth and associated countries in recent years have run 60 percent or more above prewar. Availability of wheat under U.S. programs, and to a lesser extent under special programs of Canada and Australia and other aid channels, has been a major factor causing increased consumption of wheat in countries suffering food shortages or serious balance-of-payment problems. At the same time, independent of the various aid programs, there has been a rising consumer demand for wheat among peoples who previously used other cereals as the major staple food in their diets. This has been apparent in a number of African countries, in the Malay Peninsula, and in the West Indies (table 33).

TABLE 33.—*Wheat and flour: Imports in terms of wheat, by major deficit regions of Commonwealth and associated countries*

Country	Imports				Increase, 1934–38 to 1957–59
	1934–38	1948–50	1952–54	1957–59	
	1,000 long tons	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*	*Percent*
United Kingdom	5, 681	5, 018	4, 493	5, 025	−12
Ireland (Republic)	427	205	200	226	−47
India	50	1, 720	1, 504	3, 050	6, 000
Pakistan	(1)	15	534	693	----------
Ceylon	25	231	327	312	1, 148
Malaya-Singapore	85	164	188	232	173
Hong Kong	97	81	60	98	1
Burma	43	11	26	35	−19
Arabian Peninsula and Aden	15	41	71	[2] 244	1, 527
Ghana	10	23	41	72	620
Rhodesia-Nyasaland	10	43	62	86	760
Republic of South Africa	20	205	238	[3] 371	1, 755
British West Indies and British Guiana	147	213	255	313	113
Total	6, 610	8, 183	7, 999	10, 757	63
Total excluding India and Pakistan	6, 560	6, 448	5, 961	7, 014	7

[1] Included with India if any.
[2] 2-year average.
[3] 1959–60.

Feed grain production has expanded greatly since the early 1950's, especially where prices and other conditions have been favorable; where relaxation of pressures from food deficits have permitted a shift from wheat; where domestic livestock feeding has been expanding, particularly hog production, and/or where means and know-how have existed to increase the yield per acre and the farm income more from barley or corn than from other crops.

The largest shift to feedgrains was made in Great Britain, where fat livestock production has been the favored type of agriculture except in times of emergency when national welfare required that farmers produce high-yielding field crops for direct human consumption. British barley acreage is three times what it was prior to 1939, and the yield per acre is 40 percent above the prewar level. In 1959 the barley acreage reached 3.1 million, an increase of 74 percent above that of 1950, while wheat acreage declined to 2.2 million from the 1950 level of 2.5 million, and potato acreage dropped from 1.2 to 0.8 million.

Other major increases in feedgrain output have been barley in Canada and Australia and corn in the Republic of South Africa, African Commonwealth areas, and Canada. Cultivation of grain sorghum has grown in a few countries.

In Canada the barley acreage is usually more than double, and in Australia more than 3½ times the 1935–39 acreage. Yields per acre have increased by 25 percent in Canada and Australia, and by 30 percent in New Zealand. In India, acreage has gone up 40 percent, but yield per acre has not increased. In Pakistan and South Africa, the average output is lower than prewar.

The United States in recent successive years has increased exports of coarse grains to the United Kingdom, first with shipments under the Mutual Security Act and later some was shipped under Public Law 480 barter arrangements. Barley, corn, and grain sorghums have shared in the trade.

The 1950's began with annual available feedgrain supplies at a higher level in the United Kingdom than prewar, yet corn imports had been cut two-thirds and barley imports about 20 percent. As purchaser, the British Ministry of Food was buying from nondollar sources as much as possible to save foreign exchange. Canada, the United States, and Argentina were supplying only a fraction of the feedgrain they shipped to the United Kingdom prior to the war. The U.S.S.R. had increased its prewar exports to the United Kingdom tenfold in the case of corn and fourfold in the case of barley. Total U.S.S.R. feedgrain exports to the United Kingdom reached a peak of 840,000 long tons in 1951. In the same year, Canada reentered the British barley market, U.S. exports of corn rose to 551,000 tons from the previous year's 238,000, and Australia increased oats exports to 21,000 tons from 6,000 in 1950.

U.S. corn exports have been steadily increasing, while those of barley and oats have been irregular. In the crop year 1958–59, U.S. shipments of coarse grains to the United Kingdom totaled 94.1 million bushels, of which 73.7 million was corn, 18.3 million grain sorghums, and 2.1 million barley.

The price received for wheat by producers in all Commonwealth countries, the freedom with which it is bought and sold internally, and the price at which it is sold or bought in international trade are influenced by governmental price policies in the surplus and deficit countries, respectively. Nevertheless, there has been a remarkable amount of progress within the last decade in the integration of domestic and international prices.

Cotton

The United Kingdom was the world's largest exporter of cotton textiles for more than a century. In the period before World War I, its textile mills needed about 4 million bales of raw cotton annually to meet domestic and foreign sales quotas of manufactured products. The United Kingdom wanted a dependable source of supply of uniform types and grades. Cotton to their specifications could be obtained from the United States better than from any other source. And the Lancashire industry traditionally bought 3 million bales or more of U.S. upland cotton annually. The balance of British requirements came largely from Egypt.

Several times the idea developed in the U.K. cotton industry that it should buy a greater share of its cotton from Empire sources. In 1902 the British Cotton Growing Association was formed. Its funds were subscribed by associations of textile manufacturing concerns, by the large independent firms, and private individuals. It conducted cotton-growing investigations in almost every country in the British Empire where there appeared to be reasonable prospects of good quality cotton being produced. It bought seed cotton, ginned it, baled it, and exported it to Britain. In Pakistan, the Anglo-Egyptian Sudan, Uganda, Tanganyika, Nyasaland, and Nigeria, it built and equipped its own gins. It obtained cooperation of governmental departments in Britain and the colonies to provide railways for the transportation of cotton.

The association worked with private companies and governments to increase the output of cotton on large irrigation projects in the Sudan or, more often, among dryland, unorganized growers. It also worked with colonial officials and marketing boards to help in stabilizing production and the growers' incomes.

In 1921, the Empire Cotton Growing Corporation was formed. It is concerned mostly with suitable areas for promoting production, developing new seed, training of scientists, and helping to staff cotton production laboratories. It works to provide seed and production techniques that would produce lint suitable for Britain's spinners. Its main purposes are:

(1) To increase production of cotton in the British Empire and the Sudan.

(2) To reduce the United Kingdom's dependence on the United States for supplies of cotton.

The Empire Cotton Growing Corporation supplied top-ranking scientists and trained additional ones at the central experimental station at Trinidad, and has done the same at Namulange, Uganda, to which the cotton research work at Trinidad was moved after World War II.

The reason for governmental encouragement of increased Commonwealth production of cotton after World War II was to conserve dollar foreign exchange. In a message to the annual meeting of the Empire Cotton Growing Corporation held in July 1949, president of the Board of Trade, Harold Wilson, said:

> No effort should be spared to encourage measures likely to lead to an increase in the acreage and yield of cotton growing, particularly of the American type which is so important to the Lancashire cotton industry.

The Chancellor of the Exchequer for several years afterward sought to hold the volume of the United Kingdom's cotton purchases from the United States to approximately the 1948 level of 667,000

bales, which was much below prewar 1.2 million bales.

Commonwealth countries and the Sudan, altogether have a greatly increased cotton production potential above the prewar level. In crop year 1960 their total output was 7.4 million bales, about 20 percent more than the average for 1935–39. Yields per acre and acreage have increased in the Sudan and Tanganyika. When the Gezira irrigation project became operative, output in the Sudan jumped from 24,000 bales in 1922 to 130,000 in 1926. It reached an average of 248,000 bales in 1935–39, and 560,000 bales in 1960. Tanganyika output rose from an average of 50,000 bales in 1935–39 to 170,000 bales in 1960. India and Pakistan are the largest cotton-producing countries in the Commonwealth, but their production declined from 1940 to 1950. Only in recent years have they risen above their pre-World War II levels of production (table 34).

TABLE 34.—*Cotton: Production in specified Commonwealth countries* [1]

Country	Average 1935–39	Average 1950–54	1959	1960 [2]	1961 [2]
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
India	[3] 5, 348	3, 404	3, 325	4, 600	4, 300
Pakistan	([3])	1, 320	1, 365	1, 397	1, 400
Uganda	281	291	300	308	375
Tanganyika	50	55	168	157	130
Nigeria	36	114	160	260	260
Republic of South Africa	2	23	23	24	[4] 24
Kenya	13	11	16	21	30
Aden	----------	12	27	21	30
Rhodesia-Nyasaland	12	13	20	17	20
Australia	11	3	12	8	10
British West Indies	5	4	2	2	[4] 2
Total	5, 758	5, 250	5, 418	6, 815	6, 581
Non-Commonwealth countries [5]	25, 932	33, 688	41, 152	40, 435	40, 819
World total [5]	31, 690	38, 938	46, 570	47, 250	47, 400

[1] Crop years beginning Aug. 1, in which major portion of crop was harvested. In bales of 478 pounds net prior to 1946 and 480 pounds thereafter.
[2] Preliminary.
[3] Pakistan included with India.
[4] 1960.
[5] Includes estimates for minor producing countries and countries for which statistics are not yet available.

Major Commonwealth producing countries reduced exports of raw cotton by 11.6 percent in 1958–59 from the average for the 3-year period 1951–53. At the same time they increased cotton production by 11.6 percent and successfully disposed of their crops, with the exception of very moderate carryover stocks. This was possible because of the increased use of raw cotton by mills of cotton producing countries, particularly those in India.

Use of cotton in India to produce cloth has increased in the last 10 years in order to meet the greater demand. This has been made possible to some extent by new modern equipment. Several Commonwealth countries now have textile industries based on the use of manmade fibers as well as cotton. This was stimulated by the program to curtail dollar foreign exchange expenditure, and by the sharp rise in cotton prices following the outbreak of the Korean war. Some new Commonwealth mills can use both cotton and manmade fibers, while some are primarily designed to take the newer synthetics.

In planning postwar reconstruction, the United Kingdom made preparations for a smaller, more efficient, and more competitive cotton textile industry. It will concentrate on production of the more expensive fabrics where they have a competitive advantage. Prior to the war, Japan and other Asian countries had captured much of Britain's oversea market for lower priced cotton fabrics. Many British cotton mills have been closed within the last 15 years. Some new, modern, and efficient mills have been constructed; some have been remodeled for use of cotton substitutes. (See *Competition between Cotton and Man-made Fibers in Western Europe*, Foreign Agricultural Report No. 118, June 1961.)

Manmade textiles produced in the other Commonwealth countries, and cotton manufactured goods imported into Great Britain from Far East countries have also been seriously competitive with British users of cotton (table 35).

Hong Kong, India, and Japan have been the major sources of these textile imports into the United Kingdom, and of competition for the textile products of the United Kingdom in third countries.

TABLE 35.—*Cotton: U.S. exports to specified Commonwealth countries* [1]

Country	Average 1935–39	Average 1950–54	1956	1957	1958	1959	1960
	1,000 bales [2]	*1,000 bales* [2]	*1,000 bales* [2]	*1,000 bales* [2]	*1,000 bales* [2]	*1,000 bales* [2]	*1,000 bales* [2]
United Kingdom	1, 346	434	1, 050	709	210	609	382
Australia	9	31	81	67	40	66	51
Canada	301	311	380	277	89	322	270
Hong Kong	(3)	8	95	138	125	282	219
India	52	253	301	114	80	445	625
Republic of South Africa	(3)	6	31	37	15	45	53
Total	1, 708	1, 043	1, 938	1, 342	559	1, 769	1, 600
World total	5, 589	4, 134	7, 917	5, 959	2, 895	7, 392	6, 857

[1] Year beginning August.
[2] 500 pounds gross.
[3] Not separately shown.

Compiled from official records of the U.S. Bureau of the Census.

Tobacco (Unmanufactured)

Phenomenal increases in tobacco output and exports occurred in the last two decades in major tobacco-producing parts of the Commonwealth. In the Rhodesia-Nyasaland Federation, output rose from 43 million pounds to more than 230 million, a 400-percent increase. In Canada it rose from 94 million to 197 million, a 100-percent increase. Exports from the Commonwealth's principal producing countries in the same period more than tripled, reaching a level of 305 million pounds in 1959. Those from the Rhodesia-Nyasaland Federation increased until in 1959 they were fivefold, and those from India and Canada about twofold, their prewar levels.

Tobacco mixing regulations, duty preference, foreign exchange controls, and marketing guarantees have served to stimulate tobacco production within the Commonwealth and to assure a market for Commonwealth producers. On the other hand, they have been an obstacle to the marketing of U.S. and other foreign tobacco in the Commonwealth (tables 36–38).

TABLE 36.—*Tobacco: Production in major Commonwealth and associated producing countries*

Country	Production 1934–38	Production 1950–54	Production 1960 [1]	Production 1961 [1]	Increase, 1935–39 to 1961
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Percent*
Canada	76. 6	147. 6	214. 2	208. 8	173
Jamaica	(2)	1. 2	1. 2	1. 2	------------
Cyprus	. 2	1. 7	1. 6	1. 6	700
Kenya	. 3	. 2	. 2	. 3	------------
Nigeria	22. 8	24. 7	30. 0	30. 5	34
Rhodesia-Nyasaland	43. 6	146. 0	257. 1	263. 5	504
Tanganyika	. 9	4. 6	6. 1	6. 2	589
Uganda	1. 5	2. 9	5. 2	5. 3	253
Republic of South Africa	24. 4	44. 2	59. 9	53. 7	120
Burma	78. 4	102. 3	87. 4	89. 6	14
Ceylon	9. 0	7. 0	9. 0	9. 0	------------
India	761. 0	568. 5	629. 4	658. 5	−13
Pakistan	324. 1	170. 3	192. 2	189. 5	−42
Australia	5. 3	6. 0	19. 1	29. 9	464
New Zealand	1. 4	4. 7	7. 1	6. 1	336
Total	1, 349. 5	1, 232. 3	1, 519. 7	1, 553. 7	15
Total less India and Pakistan	264. 4	493. 5	698. 1	705. 7	167

[1] Preliminary.
[2] Not available.

TABLE 37.—*Tobacco, unmanufactured: Exports of major Commonwealth and associated producing countries*

Country	Exports				Increase, 1935–39 to 1960
	1935–39	1950–54	1957–59	1960	
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Percent*
Canada	16.5	31.1	35.8	37.2	125
Ceylon	2.1	1.2	.4	(2)	----
India	43.5	84.4	89.8	89.7	106
Pakistan	(1)	(2)	.2	.1	----
Rhodesia-Nyasaland	33.4	116.8	152.7	192.3	475
Republic of South Africa	.6	2.8	3.0	7.4	1,133
Total	96.1	236.3	281.9	326.7	240

[1] Included in India prior to separation.
[2] Less than 50,000 pounds.

TABLE 38.—*United Kingdom: Imports of unmanufactured tobacco by country of origin*

Country of origin	Average 1946–50	Average 1951–55	1956	1957	1958	1959	1960
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
British Commonwealth:							
Rhodesia-Nyasaland	54,600	70,973	84,384	79,918	74,636	86,864	103,420
India	29,974	36,506	40,017	35,601	44,683	37,378	42,474
Canada	14,418	28,587	21,677	25,647	23,435	29,666	30,175
Other	2,442	1,963	1,048	1,438	1,984	2,772	3,696
Total	101,434	138,029	147,126	142,604	144,738	156,680	179,765
Foreign countries:							
United States	207,446	158,192	160,267	168,056	164,392	140,423	177,318
Turkey	8,878	2,407	2,638	2,532	964	197	397
Greece	3,579	1,178	1,432	1,068	505	357	84
Netherlands [1]	521	7,279	4,802	2,841	3,833	1,902	1,528
Other	1,361	2,853	2,106	1,730	2,047	1,099	2,642
Total	221,785	171,909	171,245	176,227	171,741	143,978	181,969
Grand total	323,219	309,938	318,371	318,831	316,479	300,658	361,734

[1] Reexports.

Tobacco Intelligence of the Commonwealth Economic Committee.

Mixing regulations employed in the leading Commonwealth tobacco importing countries that also have domestic production particularly encourage the expansion of domestic tobacco production and penalize imports. In Australia, the import duty on tobacco is reduced to the manufacturer who uses specified amounts of Australian-grown tobacco. In New Zealand, regulations specify that manufacturers shall use a minimum percentage of domestic leaf. In Pakistan, a sliding-scale excise tax decreases with the percentage of domestic tobacco used.

Despite relaxations for some commodities, foreign exchange restrictions still protect domestic tobacco production. "The problem of protecting tobacco growers from oversea competition by tariff adjustments," said New Zealand's Tobacco Board in the *Annual Report* for 1958, "has been resolved by the introduction this year of a comprehensive system of important controls which were made necessary by a rapid deterioration in the balance of trade." This situation has not been changed by New Zealand's relaxation of exchange controls in 1959 and early 1960. The 1960 import licensing schedule permits only token imports of cigarettes and other manufactured tobacco to the extent of 10 percent of the value of imports of similar goods made by the importer in his own name during the 1956 calendar year. Unmanufactured tobacco remains subject to import control.

Preferential import duty treatment for Commonwealth leaf by all major tobacco-importing

members also stimulates Commonwealth production and penalizes imports from non-Commonwealth countries. The Australian import duty on Rhodesian tobacco in terms of U.S. currency is about 8.5 cents per pound less than that on tobacco from other countries. The Hong Kong duty on Commowealth tobacco is 3.5 cents below that levied on tobacco from other countries. The United Kingdom imposes a duty on Commonwealth tobacco of 21.5 cents per pound below that on leaf from other countries, while Pakistan imposes no import duty on tobacco from India. After several previous endeavors, a trade delegation from the Federation of Rhodesia and Nyasaland, headed by an official of the Ministry of Commerce and Industry, recently visited New Zealand, seeking preferential tariffs to give an advantage to [their] tobacco growers.

Duty levels on tobacco vary in the Commonwealth, but are generally higher than duties on other products. Tobacco duties are an important source of national revenue. In the United Kingdom the current duty, effective April 5, 1960, is \$9.03 per pound on tobacco from the United States, or \$9,030 per 1,000-pound hogshead. Besides providing revenue, such a rate of duty discourages the expansion of tobacco use.

Bilateral arrangements between governments or between producer and trade associations assure producers of markets for definite quantities of leaf. Southern Rhodesian producers have such commitments in both Australia and the United Kingdom. Australia takes annually a minimum of 9.7 million pounds of leaf from Southern Rhodesia or 6.5 percent of the Rhodesian crop, whichever is smaller. The United Kingdom annually takes a large amount of Southern Rhodesian tobacco. In 1958–59 it amounted to 90 million pounds, farm weight, compared with annual average imports of 28 million pounds in the period 1935–39.

Commonwealth exporters have doubled their share of the world tobacco market. From 9 percent of world exports in the period 1935–39, they rose to 22 percent in 1959. Exports of Rhodesia and Nyasaland, alone, rose from 33.4 million to 176 million pounds. Those of Canada increased 2½ times to 40.7 million pounds, those of India by 90 percent to 83 million pounds, those of South Africa by 6½ times to 4 million pounds.

Exports of unmanufactured tobacco from the United States increased by 11 percent during the period 1935–39 to 1959, while those from the Commonwealth were increased by more than 200 percent. This did not result from production of a higher quality or more suitable type product in the Commonwealth, or from better marketing of the product. Actually, the trade has constantly had difficulty in using the Rhodesia tobacco it was obligated to buy under intra-Commonwealth arrangements.

A price differential is not a factor diverting trade from United States to Commonwealth tobacco. Both Canadian and Rhodesian prices are indirectly supported by the U.S. price, and may be somewhat below the U.S. price. In price the United States has been competitive with respect to the higher quality leaf, but has encountered a serious pricing problem because of the trade advantages mentioned for Commonwealth tobacco.

To dispose of their product, Commonwealth producers have been willing to sell their tobacco below the U.S. price. While this could occur more or less in a free market system, it seems to be the rule in the Commonwealth where hidden controls are operative. The situation is aggravated by the encouraged production of large quantities of tobacco in the Commonwealth that lacks one or more of the characteristics essential to top-quality leaf. Undoubtedly the level of the U.S. support price and the preferential treatment accorded by Commonwealth countries to tobacco produced within the Commonwealth have tended to stimulate expansion of tobacco production in such Commonwealth countries as Canada, Australia, New Zealand, India, and Southern Rhodesia.

Southern Rhodesia's acquisition of a constantly expanding share of the market in the United Kingdom, Australia, and other Commonwealth countries apparently results from negotiating devices protected by Commonwealth confidences.

U.S. producers should not overlook the fact that keen competition may also confront them as a result of Commonwealth production efficiency. Many new tobacco farms in the Commonwealth are larger and are therefore more suitable to the use of large-scale machinery than most tobacco farms in the United States.

Meat

In the 1930's the accepted pattern of trade in meat and meat products began to undergo a change. On the demand side of the picture, there had been a stable demand in the United Kingdom for meat and lard, on the Continent a rising demand for lard and other edible fats. On the supply side, steady shipments of meat of the kind British consumers want were forthcoming from four main oversea sources.

Nearby Holland and Denmark maintained regular shipments of Wiltshire sides, produced in farmer-owned cooperatives from bacon-type hogs. It had a mild cure, was uniformly of high quality, and was indeed tailored to meet the taste of the consumer in the foreign market. While not producing hogs of the type suitable for overall curing, the United States was an important supplier of premium-quality cured hams to the British market and of the world's finest lard to both Great Britain and the Continent. The United States also supplied fresh pork and various salted and pickled meats.

The United States, except in time of war or some other abnormal situation, never developed substantial exports of chilled or frozen beef to the United Kingdom which obtained the major part of its chilled beef and lamb from Argentina and Uruguay, and its frozen meats from Australia and New Zealand. It was anticipated even prior to World War II that faster refrigerator ships, and the production of improved grades of beef and lamb, would enable Australia and New Zealand to regularly ship fresh red meats to the United Kingdom in the chilled form. Some such cargoes had already been delivered in satisfactory condition prior to the outbreak of hostilities.

During the two decades 1938–58, the Commonwealth greatly increased its output of meat and reduced its dependence upon foreign sources for meat and meat products. Important rises occurred also in the Commonwealth's share of the meat market in the United Kingdom. However, within the last few years, substantial Commonwealth supplies previously sent to the United Kingdom have been diverted to non-Commonwealth countries, including the United States.

The meat output rise within the Commonwealth during the 20-year period 1938–58 was from 7.8 billion to 12.2 billion pounds, or 56 percent. It occurred in beef and veal, mutton and lamb, canned meats, and in fresh pork, bacon, and ham.

A number of incentives encouraged this production. In Australia and New Zealand they included long-term assured market agreements with the United Kingdom and farm price guarantees. In Canada they included minimum prices guaranteed by the Canadian Government and a market in the United States at attractive prices. In the United Kingdom they included annual guaranteed prices at high levels, extensive grants to producers, and legislation to preclude any but minor reductions in prices or grants. Beef and veal and mutton and lamb from the Commonwealth enter the United Kingdom free of duty. Chilled carcass beef or veal from foreign countries pays a duty of about 1 cent per pound.

The United Kingdom's 15-year meat agreement with Australia runs until 1967. Under it, schedules of floor prices are negotiated for Australian meat, taking production costs and other factors into account. The prices have currently been negotiated up to 1964. The export price on Australian meat is determined by the supply-demand situation in the British market. When the export price falls below the guaranteed price, Australian legislation authorizes the Australian Meat Board to make deficiency payments to exporters against meat delivered into cold storage in anticipation of its export. The Meat Board passes the payment on to Australian producers, and the Government of the United Kingdom makes up the difference between the export price and the price set by the U.K.-Australian review committee.

The United Kingdom, in another 15-year agreement, assures New Zealand a market for its meat, but does not undertake to pay a guaranteed price to New Zealand producers. New Zealand legislation requires that minimum prices be paid for meat purchased for export, on the basis of a price schedule announced before the beginning of each export season. When any weekly price for a particular type and grade of meat falls below the floor price, a deficiency payment is made from a Meat Industry Reserve account.

The Commonwealth's net imports of meat from foreign countries during the period 1938–58 declined 75 percent for beef and veal, and 72½ percent for mutton and lamb. Net imports of bacon, ham, and fresh, chilled or frozen pork (actual weight) totaled 325,000 long tons in 1938, almost exactly the same as in 1958 (tables 39–45).

TABLE 39.—*Meat: Exports of selected Commonwealth countries and world exports*

(Carcass weight)

Year	Australia	New Zealand	Canada	Other Commonwealth [3]	Total Commonwealth	Total world	Commonwealth as percent of world
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Percent*
1934–38	[1] 556	[2] 623	193	14	1, 386	4, 507	31
1951	340	616	133	33	1, 122	4, 007	28
1952	244	883	100	35	1, 262	4, 102	31
1953	522	748	107	43	1, 420	4, 363	33
1954	635	835	99	60	1, 629	4, 815	34
1955	606	887	93	44	1, 630	4, 720	35
1956	620	938	87	39	1, 684	5, 639	30
1957	572	878	99	48	1, 597	5, 811	27
1958	599	931	135	65	1, 730	5, 988	29
1959	867	995	106	70	2, 038	6, 519	31

[1] 1937–40 average.
[2] 1936–40 average.
[3] Includes the Federation of Rhodesia-Nyasaland, Kenya, and the Republic of South Africa.

Table 40.—*Beef and veal: Commonwealth and world production*

(Carcass weight)

Year	United Kingdom	Australia	New Zealand [1]	Canada	Republic of South Africa	Other Common-wealth [2]	Total Common-wealth	World	Common-wealth as percent of world
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Percent*
1935–39	[3] 1, 393	[4] 1, 225	[5] 352	[6] 735	421	133	4, 259	[6] 33, 052	13
1949	1, 185	1, 310	375	991	660	141	4, 662	35, 932	13
1951	1, 446	1, 428	396	894	668	144	4, 976	37, 270	15
1952	1, 332	1, 339	430	965	672	146	4, 884	38, 749	13
1953	1, 366	1, 583	407	1, 118	674	156	5, 304	42, 847	12
1954	1, 685	1, 625	445	1, 211	726	162	5, 854	44, 911	13
1955	1, 577	1, 678	585	1, 237	648	164	5, 889	46, 387	13
1956	1, 806	1, 661	597	1, 323	658	154	6, 199	49, 223	13
1957	1, 841	1, 773	601	1, 439	719	165	6, 538	49, 098	13
1958	1, 821	1, 897	592	1, 314	721	187	6, 532	49, 787	13
1959	1, 614	1, 886	525	1, 261	747	220	6, 253	49, 079	13

[1] Year ending Sept. 30 through 1957; thereafter, calendar years.
[2] Includes the Federation of Rhodesia-Nyasaland, and Kenya.
[3] 1936–38.
[4] 1936–40, year ending June.
[5] 1936–40.
[6] 1934–38.

Table 41.—*Pork: Commonwealth and world production*

(Carcass weight)

Year	United Kingdom	Australia	New Zealand [1]	Canada	Republic of South Africa	Other Common-wealth [2]	Total Common-wealth	World	Common-wealth as percent of world
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Percent*
1935–39	[3] 1, 012	[4] 199	[5] 99	[6] 621	64	20	2, 015	[6] 28, 564	7
1949	530	195	85	910	50	22	1, 892	25, 968	7
1951	818	193	87	877	150	23	2, 148	31, 054	7
1952	1, 181	191	87	1, 039	143	24	2, 665	33, 075	8
1953	1, 298	186	92	796	138	25	2, 535	33, 129	8
1954	1, 574	205	84	796	126	26	2, 811	34, 316	8
1955	1, 599	217	87	888	125	23	2, 939	36, 619	8
1956	1, 469	204	87	887	130	22	2, 799	36, 767	8
1957	1, 539	207	83	847	148	24	2, 848	37, 293	8
1958	1, 644	228	89	1, 013	156	30	3, 160	39, 239	8
1959	1, 642	228	98	1, 266	133	33	3, 400	42, 204	8

[1] Year ending September 30 through 1957; thereafter calendar years.
[2] Includes the Federation of Rhodesia-Nyasaland, and Kenya.
[3] 1936–38.
[4] 1936–40, year ending June.
[5] 1936–40.
[6] 1934–38.

Table 42.—*Mutton and lamb: Commonwealth and world production*

(Carcass weight)

Year	United Kingdom	Australia	New Zealand [1]	Canada	Republic of South Africa	Other Commonwealth	Total Commonwealth	World	Commonwealth as percent of world
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Percent*
1935–39	[2] 447	[3] 708	[4] 584	[5] 61	186	3	1, 989	[5] 6, 632	30
1949	315	770	695	44	175	4	2, 003	6, 273	32
1951	291	581	655	27	177	5	1, 736	5, 780	30
1952	365	801	779	30	182	5	2, 162	6, 881	31
1953	375	835	745	30	215	6	2, 206	7, 004	31
1954	460	870	734	31	202	6	2, 303	7, 196	32
1955	391	874	775	32	229	6	2, 307	7, 469	31
1956	434	772	787	32	209	7	2, 241	7, 308	31
1957	446	872	751	33	211	7	2, 320	7, 328	32
1958	426	997	821	32	216	7	2, 499	7, 930	32
1959	552	1, 167	944	33	232	6	2, 934	8, 603	34

[1] Year ending September 30 through 1957.
[2] 1936–38.
[3] 1936–40, year ending June.
[4] 1936–40.
[5] 1934–38.

Table 43.—*Pork: U.S. exports to the Commonwealth*

Year	Canada	United Kingdom	Pakistan	Malaya	Other Commonwealth	Total
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
1938	[1] 12, 598	57, 033	------	------	------	69, 631
1951	21, 882	21	------	65	------	21, 968
1952	4, 454	33	------	57	------	4, 544
1953	102	73	------	42	------	217
1954	97	39	5	77	------	218
1955	65	102	11	106	11	284
1956	114	43	26	119	------	302
1957	1, 232	4	11	94	5	1, 346
1958	1, 070	7	51	17	6	1, 151
1959	1, 090	12	51	17	------	1, 170
1960 [2]	13, 000	78	30	25	12	13, 145

[1] 1935–39 average.
[2] Partly estimated.

Table 44.—*Beef and veal: U.S. exports to the Commonwealth*

Year	Canada	United Kingdom	Pakistan	Malaya	Other Commonwealth	Total
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
1938	103	178	------	------	------	281
1951	8, 287	16	------	16	------	8, 319
1952	9, 318	12	------	9	------	9, 339
1953	11, 712	14	------	5	------	11, 731
1954	12, 187	5, 720	1	------	------	17, 908
1955	14, 071	6, 487	5	8	------	20, 571
1956	14, 397	64	31	6	------	14, 498
1957	13, 672	176	106	44	6	14, 004
1958	15, 848	67	114	------	10	16, 039
1959	17, 575	266	66	2	7	17, 916
1960 [1]	18, 000	220	40	1	31	18, 292

[1] Partly estimated.

TABLE 45.—*Variety meats: U.S. exports to the Commonwealth*

Year	Canada	United Kingdom	Pakistan	Malaya	Other Common-wealth	Total
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
1938	58	14			3	75
1951	3, 071					3, 071
1952	1, 541					1, 541
1953	4, 258					4, 258
1954	4, 618	41				4, 659
1955	5, 495	1, 888		23		7, 406
1956	6, 126	2, 437		106		8, 669
1957	5, 774	4, 639		65	2	10, 480
1958	781	4, 876		3	5	5, 661
1959	1, 680	9, 106			4	10, 790
1960 [1]	4, 700	28, 000	12		50	32, 762

[1] Partly estimated.

In the case of beef and veal, the United Kingdom raised domestic production by 208,100 long tons, and reduced imports net basis by 201,000 long tons. Commonwealth shipments to the U.K. market rose about one-third, while those from South America declined to a small fraction of their prewar level. Argentine and Uruguay beef and veal exports to the U.K. in the early 1950's were largely in frozen form, but Argentine chilled-beef exports rose substantially during the years 1954–58 tending to restore the prewar relationship between chilled and frozen beef in the U.K. meat trade. In the latter 1950's a sharp decline occurred in Australian beef exports to the U.K.

Beef and veal exports of non-Commonwealth producers to all countries from 1938 to 1958 increased by 13 percent. In comparison, Commonwealth exports to all countries, plus marketing increases in the United Kingdom from domestic output, rose 82 percent. In addition to the Canadian rise in beef exports included in these figures, Canadian live cattle exports to the United States (from 1938 to 1957–59) increased 2½ times.

An increasing percentage of both New Zealand and Australia meat exports has gone to countries other than the United Kingdom in recent years. In the early 1950's, Singapore, Hong Kong, and many other dependent territories took most of the exports not going to the United Kingdom. Now, Canada, the United States, Western Europe, and Japan have become major outlets, while those in the Commonwealth dependent territories have been largely retained. In calendar year 1958, U.S. imports of carcass meat from Australia and New Zealand amounted to 220 million pounds. In 1959, it amounted to 440 million pounds, or more than normal carcass beef and veal shipments of Australia and New Zealand to all countries, including the United Kingdom. Eighty percent of that shipped to the United States in 1959 was classified as boneless, or manufacturing, meat. Live lamb exports from Australia to the United States which developed a few years ago have in recent years declined. In 1959 they numbered about 48,000 head, in 1960 about 25,000, and in 1961 only 4 head.

Lard and Other Animal Fats

Developments in the Commonwealth's livestock industry have not disturbed the long-established market for U.S. lard in the United Kingdom. A traditional British preference for lard as a cooking fat and the absence of a regular lard supply within the Commonwealth combine to make the United Kingdom a major lard-deficit area. In the United Kingdom to a large extent, and to a greater or less degree in Commonwealth areas supplying bacon to Britain, the hog industry is based upon the bacon-type hog. And consumer preference requires that the hog produced for bacon be slaughtered before it takes on a large amount of fat.

The United States, with its hog industry centered in the Corn Belt, has in the long run been in a better position than any other country to meet British demands for lard. Other suppliers in the British market are Poland, Argentina, the Netherlands, Denmark, Sweden, and France. None of these countries, however, produce sufficiently above domestic requirements to make a very important showing when divided among the deficit fats and oils countries of Europe. The same is true of British dominion suppliers. Rarely are total Canadian lard exports above 10 million pounds 2 years in succession; Australian or New Zealand exports seldom exceed 1 million pounds annually.

Lard enters the United Kingdom free of duty from both Commonwealth and non-Commonwealth most-favored-nation countries. Also, import restrictions that had been imposed for balance-of-payment reasons were relaxed early in the 1950's to allow entry of lard from the United

States. In 1952, the Ministry of Food authorized lard to be purchased in the United States with dollar foreign exchange earned from the sale of palm kernel oil in the United States. Purchases of lard under provisions of the Mutual Security Act were made in several succeeding years. In the British market, U.S. lard has occupied an increasingly favorable position in the competition among the various fats and oils. In the United States, there has been a relative decline in the demand for lard because of the increased use of vegetable shortenings and margarine.

Improved ration formulas, the decline in price of corn, making a favorable hog-corn ratio, and advances in disease control during the 1950's have reduced production costs and resulted in a relatively high production of hogs in the United States. However, U.S. hog production would have been larger had it not been for the price-support program for corn and other feed grains which have accumulated in hands of the Government. In addition, a saving in the transportation cost is resulting from shipment of bulk lard by tanker from Great Lakes ports direct to British ports.

Imports of lard into Great Britain amounted to 222 million pounds in 1956, 244 million in 1957, 256 million in 1958, and 377 million pounds in 1959, compared wth the 168.6 million average imports for 1935–39, and 132 million average for 1951–55. The U.S. part of this trade was 56 percent of the total prewar, 56 percent in 1958, and 74.6 percent in 1959 (tables 46–47).

British Commonwealth areas in the West Indies take small amounts of lard from the United States. Canada, though usually a lard exporter, is the best Commonwealth customer for U.S. lard after the United Kingdom.

The United Kingdom is also the Commonwealth's leading importer of tallow and greases, and the United States is by far the world's largest producer, but the trade pattern is very different from that of lard. Of Britain's annual average

TABLE 46.—*Lard: U.S. exports to the Commonwealth*

Year	United Kingdom	Canada	Republic of South Africa	Nigeria	Other Commonwealth	Total
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
1935–39	95, 733	2, 077	[1] 89	[1] 6	[1] 3	97, 908
1951	231, 540	12, 934				244, 474
1952	102, 846	1, 936				104, 782
1953	24, 197	7, 020				31, 217
1954	97, 114	3, 292				100, 406
1955	167, 732	7, 308				175, 040
1956	161, 591	17, 726				179, 317
1957	149, 529	26, 611				176, 140
1958	146, 451	5, 108				151, 559
1959	274, 603	4, 096				278, 699
1960 [2]	340, 000	18, 000	110		7	358, 120

[1] 1938 only.
[2] Partly estimated.

TABLE 47.—*Tallow and greases: U.S. exports to the Commonwealth*

Year	Republic of South Africa	Canada	United Kingdom	Pakistan	Rhodesia-Nyasaland	Other Commonwealth	Total
	1,000 lb.	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*	*1,000 lb.*
1935–39	14	4, 352	514			11	4, 891
1951	37, 839	41, 220	7, 563	4	4, 605	2, 304	93, 535
1952	47, 352	28, 928	20, 032	77	4, 714	4, 934	106, 037
1953	59, 238	16, 414	11, 376		2, 768		89, 796
1954	58, 734	14, 409	9, 540		8, 075	58	90, 816
1955	59, 283	20, 481	6, 359	6	5, 053	46	91, 228
1956	67, 155	26, 604	17, 924	134	8, 211		120, 028
1957	40, 607	20, 400	7, 099		2, 218		70, 324
1958	28, 208	21, 770	5, 180	2, 783	52	87	58, 080
1959	48, 252	21, 203	15, 579	8, 269	654	1, 110	95, 067
1960 [1]	60, 000	21, 000	35, 000	32, 000		2, 000	150, 000

[1] Partly estimated.

imports of tallow and greases amounting to 101 million pounds in 1935–39, the United States supplied 514,000, or approximately one-half of 1 percent. Doing better in 1958, the United States supplied 5.2 million pounds, or 5 percent of Britain's 112 million pounds imported.

Because the importance of their cattle industries far outranks that of their hog industries, Canada, Australia, and New Zealand are much larger producers and exporters of tallow and greases than of lard. U.S. exports of inedible tallow to the United Kingdom are subject to an import duty of 10 percent ad valorem. Imports from the other large suppliers—Australia, New Zealand, and Canada—enter duty free under Commonwealth preference. Their exports in the last decade have reflected the expansion of the meat industries in those countries. Together they have risen from an average of 136.4 million pounds in 1935–39 to 385 million in 1958. In addition to this traditional outlet in the United Kingdom, they have been developing markets in Western Europe and in Japan.

Dairy and Poultry Products

Milk production has increased substantially in many parts of the Commonwealth. From 1938 to 1958 it increased by 75 percent in the United Kingdom, 30 percent in New Zealand, 15 percent in Australia, and 20 percent in Canada. In all of these countries except New Zealand, production of dairy products is stimulated by price supports or subsidy payments. Butter production has increased by 50 percent in the United Kingdom and a similar percentage in New Zealand, but has declined slightly in Australia and Canada. It has also increased in the Republic of South Africa, Kenya, and South-West Africa.

Cheese production has doubled in the United Kingdom, rising from 95 million pounds in 1938 to nearly 213 million in 1958. It has declined slightly in Canada and New Zealand, and increased in Australia, the Republic of South Africa, and Southern Rhodesia.

Commonwealth cheese-importing countries, with the exception of the United Kingdom and India, have increased imports. The United Kingdom has reduced net cheese imports by 69 million pounds, while Commonwealth exporting countries have reduced net exports by 74.5 million pounds.

The United Kingdom has become a substantial exporter of dairy products, despite retaining its position as the world's largest importer of these products. In 1958 its leading exports were as follows: cheese, 7 million pounds; condensed milk (fluid), 84.4 million pounds; dry skim milk, 20.5 million pounds; and dry whole milk, 2.1 million pounds. For condensed milk, the United Kingdom has become the largest producer and largest net exporter in the Commonwealth. In dry milk its production exceeds that of Australia and New Zealand but is surpassed by that of Canada.

Underdeveloped countries of the Commonwealth are substantially increasing their consumption of dairy products. While accurate production or consumption data are not available, foreign trade data show the largest import increases for dry milk taking place in India, Ceylon, Trinidad and Tobago, Pakistan, and Jamaica. A large number of steadily increasing outlets are developing for condensed milk. Among these are Malaya and Singapore, Hong Kong, Ceylon, Trinidad and Tobago, Ghana, Nigeria, British Guiana, and a dozen other countries or territories mostly located in Africa or the British West Indies. Among them, developing Commonwealth countries which had imported 113 million pounds of condensed milk in 1938, increased imports to 269 million pounds by 1958.

For eggs, there was a serious problem in Australia and Canada of making the transition from the wartime-postwar regime of guaranteed prices, subsidies, and virtually unlimited market under the United Kingdom's Ministry of Food egg contracts to competition in the marketplace.

Canada first tried a low guaranteed price and a government program to purchase all eggs of specified grade and quality that could not be disposed of commercially at the floor price. This, however, could not be made to function to the satisfaction of producers without raising the support price, which involved the government in expensive egg purchase, storage, and disposal operations. Therefore, in 1959 the purchase scheme was changed to governmental deficiency payments on the number of eggs coming from not more than 200 hens per producer. The Ministry of Food ceased taking Canadian shell eggs in 1950, but continued buying eggs under a 5-year contract with Australia and contracts with other countries until July 1953. Since then the Australian Egg Board, established under the Control Act of 1947 and subsequent legislation, has continued to buy eggs from any State egg board in Australia and to market them in the United Kingdom. By 1958–59, British imports of eggs from Australia had dropped to 1.8 million dozen, from 18.3 million in 1952–53, the last year of the U.K.-Australia longterm egg contract.

Rising production and rising imports of eggs in the United Kingdom reached an impasse in the early 1950's. An adjustment was made through a reduction in imports rather than in domestic production which was stimulated by a highly inflexible price support production incentive scheme. Britain's imports in 1951 were reduced to 113.4 million dozen, compared with 210 million dozen in 1949 and 276.5 million dozen in 1938. By 1957, domestic production had displaced annual imports into the United Kingdom of 273 million dozens of eggs. Net imports had declined to 3.2 million dozen in 1957. Domestic production by 1958 had

reached more than 1 billion dozen, and had increased nearly 100 percent above the prewar level.

Undoubtedly the inflexibility of the British price-support system was responsible for the tremendous production expansion and impact on foreign trade that occurred. Since 1955–56 the guaranteed price to producers in the United Kingdom has been about 65 cents a dozen. A price reduction per annum of not more than about 2 cents per dozen has been possible under the price-support laws. Producers are given a deficiency payment making up the difference between the guaranteed price and the price realized in the market, which at times is a depressed price due to the glut in the market. The annual cost of the egg subsidy in the last several years has ranged from a low of $58 million in 1955–56 to $127 million in 1957–58. With annual commercial production in the neighborhood of 600 million dozen, the subsidy amounted to about 20 cents a dozen.

Poultry meat has become very popular in Canada and Britain since World War II. Production has doubled in both countries since 1938, with adverse effects upon imports. Also, there have been some significant changes reported in the import trade of some other Commonwealth countries.

In Canada the increased demand came about in large part as a result of eviscerated poultry imports from the United States. After consumer demand became established, Canadian producers and processors adopted modern methods and doubled poultry meat production. Support prices and control of imports, part of the time by embargoes, were important incentives. Quantitative restrictions still limit turkey meat imports, all of which come from the United States, to a level one-third of annual imports in the 2 years prior to the introduction of import control in 1957.

In the United Kingdom, production went up steadily during the 1950's, increasing about 100 percent in less than a decade. Favoring increased production were improved feed supplies, increased efficiency of production, and, as in the United States and Canada, marketing of ready-dressed broilers. Since supplies were not available in Commonwealth sources from which poultry meat could be imported duty free, the duty of 4 cents per pound on poultry meat from non-Commonwealth countries was an obstacle to imports. At the same time, exchange controls prevented importation of poultry from the dollar area and, since the relaxation of exchange controls, sanitary controls are used to keep out U.S. fresh or frozen poultry meat. The result has been a reduction in U.K. imports from 46 million pounds in 1938 to an average annual level of 22 million pounds in 1956–58.

Australian exports of poultry meat increased in the postwar period till they were about 3 million pounds in 1954 compared with 100,000 prewar. However, they went largely to the United Kingdom and dependent Commonwealth territories whose imports have declined. In recent years, Ireland has supplied one-half to two-thirds of British imports. Other suppliers are principally Denmark and Argentina.

Oilseeds

Commonwealth exports have not kept pace with world exports of oilseeds and vegetable fats and oils, which have doubled within the last decade. From 1950 to 1954, the Commonwealth supplied more than 40 percent of that trade, compared with about one-third of it in the years 1957–59. Commonwealth production has increased in most oilseeds, but higher domestic utilization has reduced available supplies for export and required greatly expanded imports, an important part of which are supplied by the United States. Increased industrial activity and higher living standards—without a general corresponding increase in efficiency of oilseed production—have occurred in the Commonwealth. The changing situation in India alone has had a marked effect on the world trade pattern (tables 48–50).

Higher vegetable oil production in the Commonwealth has occurred principally as a result of widespread acreage increases in peanuts; more cotton production in India and Africa; improved technology in the extraction of palm oil in Nigeria; more planted acreage in oil palm trees in the Federation of Malaya; and increased acreage and yields per acre of flaxseed, soybeans, and rapeseed in Canada. Increased yield per acre has been small in India. Production methods were antiquated and inefficient in 1938, and they had not improved perceptively on an estimated 95 percent of the farms by 1960.

TABLE 48.—*Oilseeds: Production in major Commonwealth and associated producing countries*

Commodity	Average production			Increase, 1934–38 to 1957–59
	1934–38	1952–54	1957–59	
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*Percent*
Peanuts	[1] 4, 085	5, 337	6, 876	68
Cottonseed	2, 823	2, 794	2, 984	6
Rapeseed	1, 020	1, 172	1, 460	43
Copra	1, 179	1, 264	1, 267	7
Flaxseed	542	674	905	67
Sesame seed	535	686	584	9
Palm oil	[1] 485	533	572	18
Palm kernels	[1] 420	500	535	27
Soybeans	14	131	190	1257
Castor beans	139	135	135	−3
Sunflower seed	[1] 43	62	104	142
Shea nuts	[1] 30	30	31	3
Olive oil	2	10	4	100
Tung oil	1	1	1	--------
Total	11, 318	13, 329	15, 648	38

[1] Includes estimates and early postwar figures where 1934–38 data are incomplete.

Table 49.—*Peanuts: Production and export shifts in major Commonwealth producing areas*

Country	Average, 1935–39		Average, 1950–54		Average, 1957–59		1960	
	Production	Exports	Production	Exports	Production	Exports	Production	Exports [1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
India	3, 296	1, 151	3, 801	53	5, 091	16	4, 877	57
Nigeria [2]	600	355	843	495	1, 177	735	1, 270	558
Gambia	(3)	59	72	65	81	[4] 95	77	56
British East and Central Africa [5]	102	26	308	14	399	57	415	53
Republic of South Africa	12	1	144	17	180	55	228	51

[1] Exports of peanut oil, not included in table, were as follows in 1960: India, 8,377 tons; Nigeria, 52,219 tons; Republic of South Africa, 16,125 tons.
[2] Includes British Cameroons, and the prewar figure is for less than 5 years.
[3] Incomplete returns.
[4] 1957 and 1958 only.
[5] Kenya, Uganda, Tanganyika, Federation of Rhodesia and Nyasaland.

Table 50.—*Vegetable oilseeds and oils: Exports of major Commonwealth and associated producing countries*

Commodity [1]	Exports		Change from 1938 to 1958
	1938	1958	
	1,000 long tons	*1,000 long tons*	*Percent*
Peanuts	630	322	−49
Cottonseed	25	26	+4
Soybeans	None	54	
Rapeseed	2	45	
Sunflower seed	None	5	
Sesame seed	15	9	−40
Olive oil	None	.3	
Copra and coconut oil	352	265	−25
Palm oil	166	250	+51
Palm kernels	176	237	+35
Flaxseed	91	145	+59
Castor seed	10	37	+270
Tung oil [2]	None	1	
Total	1, 467	1, 396	−5

[1] Oils and oilseeds in terms of oils of countries that were net exporters of the oils or oilseeds specified in the year shown.
[2] Exports from Hong Kong in 1938 were 48,900 tons, and in 1958 they were 6,300.

Commonwealth Economic Committee.

In Canada the average yield per acre of flaxseed went up from 5 bushels prewar to 8 bushels 1959–61, and the yield per acre of soybeans, from 22 bushels prewar to 27 bushels in 1959–61. In some major palm-oil-producing areas, replacement of inefficient oil presses and casual work habits of operators by greatly improved types of equipment and operational skills has resulted in increased output of palm oil of a grade that is in strong demand for industrial and food uses in Western Europe.

As in the case of grains, small-seed vegetable oils can be produced efficiently and profitably in many parts of the Commonwealth. Too much reliance in the United Kingdom on the British Overseas Food Corporation's large-scale operations may have been behind the continued shrinking net export surplus in the Commonwealth in the last decade. Nowhere in the Commonwealth has production of oilseeds been successfully expanded on a large scale as a collectivized or state-managed enterprise. Careful application of good cultivation practices has demonstrated in Canada, British East Africa, and Nigeria that hazards in production and harvesting of oilseeds can be overcome. Expanding acreage and increasing yields may be expected in Commonwealth production in the years ahead.

Fruit

Commonwealth fruit production and trade controls since World War II have had far-reaching effects on patterns of trade and consumption. Greatly expanded plantings of fruit occurred in the United Kingdom and the sterling area during and after the war. Conditions were favored by the wartime shortage of ocean shipping that precluded imports of fresh deciduous fruit into Great Britain, by the near embargo enforced by the United Kingdom during the war on citrus fruit and canned fruit from all sources, and by continuance of tight import control by the United Kingdom since the war on most types of fruit from the United States.

Expansion of deciduous plantings has been large in Britain—bearing apple trees increased 50 percent and bearing pear trees by 30 percent

during the early postwar years—and in Australia and the Union of South Africa, where peaches and other plantings were extended. From 1934–38 to 1958, deciduous fruit production increased in Australia and New Zealand by 50 percent. In South Africa the output tripled. In Canada it declined by more than 55 percent. The improved quality of much of the postwar apple output in Commonwealth countries is due to the improved dessert varieties that have come into bearing and use of better insecticides and spraying equipment.

Production of pears and deciduous tree soft fruit has been growing more rapidly than that of any other type of fruit. Commonwealth production of table pears, peaches, cherries, and apricots is each 2½ to 3 times its prewar level. In pears the increase has been particularly large in the United Kingdom, Australia, the Republic of South Africa, Canada, and New Zealand. In peaches the Republic of South Africa has shown the largest increase, while Canada, Australia, and New Zealand have also had large increases. The growth of cherry production has been most significant in the United Kingdom, Canada, and Australia, while that of apricots has been especially large in the Republic of South Africa.

Much of the Commonwealth's increased soft fruit output has gone into the production of canned or quick-frozen fruit. The output of canned fruit from 1934–38 to 1958 increased in Australia from 48,000 long tons to 160,000, in the United Kingdom from 32,000 to 99,000, in Canada from 27,000 to 78,000, and in South Africa from 7,000 to 117,000 (tables 51–54).

The most spectacular expansion of production and exports has occurred in the Republic of South Africa. Output of apples rose from an average of 686,000 bushels, 1951–55, to 2.2 million in 1959; of oranges from average of 7.3 million boxes, 1950–54, to 8.7 million in 1958; and of canned fruits, including peaches, apricots, pineapples, and pears, from 112 million pounds in 1953 to 262 million pounds in 1958.

The Republic of South Africa has become the world's largest supplier of canned fruit to the United Kingdom, and a very large exporter also of grapes, citrus fruit, and canned fruit. While exports of most fruits have shown important rises in recent years, those of canned peaches have been most spectacular, rising from 29 million pounds in 1953 to 86.7 million pounds in 1958.

Britons took some 4 million bushels, or 40 percent of U.S. apple exports on the basis of the 1935–39 average trade. They took 1.3 million bushels of pears, or nearly 50 percent of U.S. average pear exports. Other important fresh fruit export items, though on a smaller scale, were oranges, grapefruit, grapes, and plums. Prunes and raisins were large dried fruit export items, though an average of 6 million to 10 million pounds of other dried fruit was also exported to the United Kingdom annually during the entire period of the 1920's and 1930's.

TABLE 51.—*Oranges (including tangerines): Production in major exporting Commonwealth and associated countries* [1]

Country	Averages 1935–39	Averages 1951–55	1958	1959	1960 [2]
	1,000 boxes	*1,000 boxes*	*1,000 boxes*	*1,000 boxes*	*1,000 boxes*
British Honduras	(3)	68	281	450	400
Jamaica	435	604	480	650	600
Trinidad and Tobago	55	187	400	450	420
Cyprus	441	796	1, 197	1, 575	1, 000
Israel [4]	8, 652	9, 210	15, 646	15, 525	12, 290
Australia [5]	2, 735	4, 279	5, 447	4, 224	5, 140
Republic of South Africa	4, 160	7, 831	8, 912	11, 370	10, 000
Total above	16, 478	22, 975	32, 363	34, 244	29, 850
World total	191, 131	315, 149	381, 323	389, 434	373, 470
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Above Commonwealth as percent of world total	9	7	8	9	8

[1] Northern Hemisphere: Harvest begins in November of year shown. Southern Hemishpere: Harvest begins in May following the year shown. Production is converted to boxes of 70 lbs. each.
[2] Preliminary. Southern Hemisphere estimated.
[3] Not available.
[4] Industry received British wartime and postwar assistance enabling it to supply the U.K. market. 1935–39 production shown is that of Palestine.
[5] Production from the bloom of indicated years is harvested the 2 following years; that is, crop from the bloom of 1958 is harvested 1959–60.

TABLE 52.—*Grapefruit: Production in major exporting Commonwealth and associated countries* [1]

Country	Averages 1935–39	Averages 1951–55	1958	1959	1960 [2]
	1,000 boxes	*1,000 boxes*	*1,000 boxes*	*1,000 boxes*	*1,000 boxes*
British Honduras	(3)	269	220	250	200
Trinidad and Tobago	174	512	491	1, 100	990
Cyprus	44	215	200	207	200
Israel [4]	1, 445	1, 422	1, 957	1, 934	1, 700
Australia	3	150	188	184	180
New Zealand	15	75	76	80	90
Republic of South Africa	336	437	500	600	600
Total above	2, 017	3, 080	3, 632	4, 355	3, 960
World total	34, 459	47, 219	49, 430	47, 955	49, 450
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Above Commonwealth as percent of world total	6	7	7	9	8

[1] Northern Hemisphere: Harvest begins in November of year shown. Southern Hemisphere: Harvest begins in May following the year shown. Production is converted to boxes of 80 lbs. each.
[2] Preliminary. Southern Hemisphere estimated.
[3] Not available.
[4] Industry received British wartime and postwar assistance enabling it to supply the U.K. market. 1935–39 production shown is that of Palestine.

TABLE 53.—*Canned fruit: Commonwealth production and exports*

Country	Production 1934–38	Production 1959	Exports 1934–38	Exports 1959
	1,000 long tons	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*
Republic of South Africa	6. 6	109. 8	2. 0	89. 3
Australia	48. 4	132. 9	[1] 38. 6	87. 2
United Kingdom	32. 0	107. 4	[2]. 6	[2] 1. 5
Canada	26. 6	76. 9	14. 8	3. 2
Malaya and Singapore	66. 0	38. 0	58. 7	39. 8
Kenya		[3] 4. 9		4. 9
Jamaica		[3] 4. 2		4. 2
Total	179. 6	474. 1	114. 7	230. 1

[1] Fiscal year ending June 30, 1938.
[2] Excludes reexports.
[3] Exports.

A wide variety of canned fruit was also exported to the United Kingdom from the United States. This trade steadily climbed during the interwar period, from an average of 193 million pounds annually 1926–30 to 280 million pounds in 1938. Canned vegetables and soups averaged nearly 20 million pounds annually 1926–30. They declined during the 1930's until the immediate prewar years. The dried vegetable trade, largely of beans and peas during the interwar period, followed the same trend as did the canned vegetables.

The tariff preference was a big factor in causing the decline in U.S. exports and a rise in dominion exports of fresh, dried, and canned fruit and canned vegetables in the early 1920's and early 1930's. British purchases of raisins from the United States amounted to 20,000 tons in 1922, but declined to 10,000 in 1924. During this period, Australian vines came into bearing and Britain increased raisin imports from Australia from 5,000 tons in 1922 to 22,800 in 1924. Other ex-

TABLE 54.—*Fruit consumption per capita in the United Kingdom*

Fruit	Prewar	1956	1957	1958	1959	1960
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Fresh citrus fruit	28. 5	15. 4	16. 9	15. 8	18. 8	19. 9
Other fresh fruit	50. 0	54. 7	53. 2	53. 4	59. 4	57. 0
Canned fruit	10. 3	13. 8	15. 9	16. 2	17. 5	17. 5
Fruit juices (in natural strength)	1. 0	4. 9	4. 6	4. 8	4. 8	5. 0
Fruit pulp	3. 7	3. 3	3. 2	3. 2	3. 5	3. 1
Dried fruit	8. 0	5. 7	6. 7	6. 4	6. 4	6. 1
Total (fresh equivalent)	124. 0	116. 4	121. 6	120. 0	130. 2	128. 0
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
As percentage of prewar	100	94	98	97	105	103

Commonwealth Economic Committee.

amples of such trade shifts during the interwar period, though usually not occurring so abruptly, include several other dried fruit items, fresh fruit, and canned fruits and vegetables.

As a result of Empire tariff preference, quantitative restriction of imports, and bilateral purchases, fruit produced in the sterling area of the Commonwealth enjoyed a great advantage in the United Kingdom during the 15-year period after World War II. The most regular import from the United States during this period of restriction was citrus concentrate for the government's welfare program. In some years, raisins or fresh apples were purchased.

The inroads which controls made on the U.S. fruit trade may be observed in a comparison of U.S. exports of some fruit items to Great Britain in 1947—the period of relaxation—with the trade during the years of strict control that followed. An embargo was imposed by the United Kingdom on most imports of fruit from the United States in August 1947, and was used for the next 10 years to keep out all fruits from the United States, except small amounts supplied under the Mutual Security Act and some fruit imported under special license, mainly dried fruit and apples.

Though offered under various types of aid programs, as well as free of assistance by the U.S. Government, the United Kingdom resisted entry of fruit from the United States. The result of this policy was oftentimes extremely high prices, inferior quality, and inadequate fruit supplies to meet British requirements. British per capita consumption of fruit is only slightly more than it was prior to World War II, and fresh citrus fruit consumption is only 70 percent of the prewar level.

British policy was damaging to U.S. producers also in that it discouraged replantings of trees and destroyed established commercial channels that had been painstakingly developed. On the other hand, production in sterling Commonwealth countries and imports from those countries tended to be encouraged as they could enter free of duty and without quota restrictions. Imports from foreign countries other than the United States generally were allowed entry, subject only to the revised tariff rates effective December 1, 1953. (*See Observations on the U.K. Citrus Market in 1950*, by J. Henry Burke, U.S. Department of Agriculture, Foreign Agricultural Circular, FCF-9-50, Dec. 15, 1950; *U.K. Policy Affecting Agricultural Trade*, U.S. Department of Agriculture, Foreign Agricultural Circular, FATP-5-54, Aug. 12, 1954; *Fruit*, annual summaries, 1953, 1960, Commonwealth Economic Committee.)

A number of developments and trends in the Commonwealth and associated countries bear on the area's agricultural supply-demand situation. Foremost among them are changes in Commonwealth relations, availability of production capital for agricultural development, price support and stabilization measures, and governmental activity in the market place.

VI. Summary of Developments and Trends

While there is still a large volume of intra-Commonwealth and sterling area trade, both the United Kingdom and the other component parts of the system are becoming increasingly less dependent upon each other as complementary to their economic well-being. Both the older dominions and the newer Commonwealth members are looking more and more to countries other than the United Kingdom as outlets for their farm commodities. They are increasingly (1) processing these commodities domestically, and (2) selling them directly to foreign customers instead of through London and Liverpool markets.

Commonwealth trade has increased greatly with the United States, Western Europe, and Japan, and substantially with some other areas. Exports of Commonwealth agricultural products to European Economic Community (Common Market) countries rose from less than 10 percent of those to all countries in 1938 to 20 percent in 1961.

Closer relations between the United Kingdom and the European Common Market could bring a more economic division of labor and general improvement in production efficiency and trade. A problem is that of devising a formula acceptable to all concerned which would include a gradual reduction of Imperial preference by Commonwealth and associated countries, and a gradual reduction of tariffs by present Common Market countries on commodities which are dutiable in the Common Market's external tariff and which have entered the United Kingdom from Commonwealth countries duty free.

The Commonwealth is encouraging economic development and social improvement among underdeveloped members. This has required that the Commonwealth look outside its members for economic aid, including capital for industrial development, and technical assistance for development of agriculture and foodstuffs in the more populous underdeveloped countries until such time as they develop viable economies.

Commonwealth commitments have been made to help the least privileged dependent territories obtain economic development and social improvement. Until other countries take on more of this responsibility, the United Kingdom may be expected to continue to render them considerable aid in establishing viable industries. It will not be easy for the United Kingdom to deprive these underdeveloped territories of preferential tariff treatment in the British market.

Far-reaching economic effects appear likely to result from the high level of foreign capital investment and unparalleled rates of capital formation sustained for about a decade in both the more developed and the developing countries. Capital made available through public channels is being directed particularly to infrastructural development and to heavy industry rather than to agricultural development. A large part of the capital made available through private channels is also being directed into infrastructural and plant construction projects under a number of governmental policy developments such as vigorous capital recruitment programs and assurances with respect to repatriation of principal and earnings on investments.

A tremendous percentage increase occurred in the amount of mechanical equipment on farms in many countries during the decade 1948–58. This tended to level off, however, in agriculturally advanced countries in the late 1950's as more efficient farmers satisfied their most pressing machinery needs, and the price of equipment rose in relation to prices of farm products.

Within some sectors of Commonwealth agricultural production a high degree of efficiency is being achieved relative to that in the same sectors of agriculture in other efficient producing countries. This is true, for example, of wheat and tobacco production in Canada, the combined dairy, meat, and wool industry in New Zealand and wool production in Australia.

In several underdeveloped countries where the population is dense and farms very small, many agricultural problems remain to be solved. Among these are consolidation of farm plots and increased acceptance of improved cultivation methods, including the use of inorganic fertilizers and pesticides.

However, input into Commonwealth infrastructure and agricultural programs is beginning to show up in the solution of the food problem. Within the last 8 years Commonwealth agricultural output has increased about 25 percent. It has slightly more than kept pace with the rate of population growth. The increased quantities of foodstuffs produced in underdeveloped countries are going very largely to meet the needs of the increasing domestic population and to improve the individual diet, including its quality and variety. Increased output, more uniform annual yields, and better internal distribution have reduced the serious food shortages in many interior areas formerly subject to periodic famine or seasonal "hungry periods."

Even if South Asian countries continue large-scale importation of capital goods, they will still have a food-deficit problem for some years. In India the agricultural problem is especially serious because of the magnitude of the catastrophe that would result if food supplies were not available. Greatly increased food output is considered a necessity by the Indian Government. Yet imports would be necessary also. The population on March 1, 1961, was estimated to be 438 million. In 1971 it is expected to be 528 million, an average increase of nearly 10 million a year. Per capita food consumption is also expected to grow. The large capital expenditures now being carried out will create new personal incomes, a significant part of which will be spent on food. The demand for agricultural raw materials will also grow with the increased industrialization. Most of the food exported to India and other South Asian countries will be on an aid basis for some time unless international agreement is reached on other ways of financing their economic development.

In Commonwealth African countries and the Republic of South Africa, there has been a rapid increase in agricultural output. Here also much of the increased output has gone into domestic consumption. However, increased efficiency in production of specialized export commodities would indicate still higher export levels for corn and fruit from the Republic; tobacco from the Federation of Rhodesia and Nyasaland; coffee and tea from Uganda, Kenya, and Tanganyika; sisal from Kenya and Tanganyika; cotton from Tanganyika and Nigeria; and peanuts, cocoa, and rubber from Nigeria.

The rising consumer demand for standard Western products during the post-World War II period may be expected to continue if planned economic development programs are carried out. Annually there is a growth in the volume of food products sold through modern retail outlets. While the variety of products grown or processed within each country is growing, and intra-Commonwealth food trade is rising, a number of important agricultural products are imported from overseas.

Increasing imports of wheat and flour are required annually. West African countries import flour, flue-cured tobacco, and black-fat tobacco from the United States. The Federation imports cotton, rice, and tallow, in addition to wheat. A number of countries import canned milk and canned meats.

In the United Kingdom, much attention is being given to increasing industrial efficiency. It is deemed necessary to increase production and production efficiency in order to raise the standard of living, increase exports, and maintain adequate gold and dollar reserves to assure a stable English pound. Other reasons are to provide capital for development of oversea territories, including the controlled release of sterling balances held by other countries, and to fulfill Britain's commitment under NATO and other defense arrangements for protection of the free world. Adhesion to the European Economic Community is viewed by most English economists as inevitable. If this occurs, a gradual improvement should take place in the British balance-of-payment position and a

modification in British farm price-support methods that would result in firmer prices in the British market for world products.

Canada, Australia, and New Zealand each is trying to obtain the capital from foreign exchange earnings of its leading agricultural exports to finance development of its manufacturing industries. Their governments spare no efforts in seeking to insure access of their leading farm exports in foreign markets. Little prospect is seen of a change in this aspect of their foreign economic policies. While making widespread use of governmental subsidies to assist agricultural producers, they avoid for the most part direct subsidization of exports. They are concerned about the United Kingdom joining the European Economic Community, particularly if it means that continental countries would market their butter, grain, meat, and other farm products in the United Kingdom free of duty or restrictions, while traditional Commonwealth suppliers to the United Kingdom under preferential treatment should face payment of duties and possibly other restrictions.

While these developed Commonwealth countries continue to grow industrially and to expand their requirements for agricultural products, they should become increasingly important markets for many farm products which they do not produce efficiently and continue to be strong competitors in oversea markets for their specialty products.

Because of the multilateral interests that have engaged Commonwealth countries, basically because it has been to their own economic advantage, the indications are that Commonwealth tariff preferences in the future will gradually play a declining role in the development of world trade. Momentum in this trend is being generated by the industrialization of the oversea Commonwealth members, and may be further stimulated as the United Kingdom develops closer economic ties with the European Economic Community.

VII. Appendix

Milk: Price and Market Regulations in the United Kingdom

1. Determination of the milk guarantees

The milk guarantees are determined by the government each year in the light of the Annual Review, which begins in February, of the economic condition and prospects of the agricultral industry, and of the long-term assurances provided for in the Agricultural Act, 1957. All relevant factors are considered before the level of the guarantees is fixed: The national economic situation, exchequer liability, international relations, profitability of milk production, supply and market situation.

In appraising the profitability of milk production, a number of broad indications are examined. Aggregate changes in factor costs since the last Annual Review are known, and the relative effects of these changes on the unit costs of production for individual commodities are calculated. In the case of dairy farming, broad estimates are available of the relative quantities of inputs, of which feed accounts for nearly two-thirds, about half of it home grown, and labor for about one-fifth. These relative quantities are used to weight cost movements.

At any given level of guarantee, changes in factor costs are, however, not the only circumstances affecting profitability. In the case of milk, the average price received by producers will vary according to the quantity produced, owing to the standard quantity arrangements (see par. 28) while changes in efficiency will offset some of the factor cost changes. Such cost changes can be estimated in a fair amount of detail. As regards efficiency, only a broad assessment can be made for the agricultural industry as a whole; for milk, as for other individual commodities, a very rough estimate is all that it is possible to take into account.

2. Price fixing

From the beginning of the war, up to the end of March 1954, the average price to the producer was fixed annually and no limit was placed on the quantity of milk to which the guaranteed price applied, producers receiving a fixed monthly price for each gallon of milk, irrespective of its ultimate use.

Since 1954, when marketing powers were restored to the boards and the present milk guarantee arrangements were started, the government annually fixes for the United Kingdom as a whole an average guaranteed price for milk and a standard quantity to which this price is related. The price applies to a 1-year period beginning the first April following the Review. The standard quantity was fixed at the level of estimated output in 1953–54, and has since remained unchanged except for small adjustments for England and Wales in 1957–58. As a result of the increase in output, the standard quantity in England and Wales at present is only 89 percent of total sales through the boards in 1956–57.

The average guaranteed price for the United Kingdom is broken down into separate guaranteed prices for each of the five Marketing Scheme areas in the United Kingdom; the guaranteed price for each area is again related to a standard quantity for each area in such a way as to maintain approximate parity of guarantee between the five Milk Marketing Boards.

In each area, the guaranteed price is further broken down into a higher price for a primary proportion and a lower price for the remainder of the milk.[1] The higher price which is a firm guarantee applies to 81 percent[2] of the standard quantity, or to 81 percent of total sales if they are less than the standard quantity. The lower price applicable to the rest of the milk represents the figure which the government considers the average manufacturing price will be for the following year. The higher price for the primary proportion is then calculated at such a level as would bring the returns from the standard quantity to the overall guaranteed price; sales in excess of the standard quantity qualify for the lower guaranteed price.

If actual remuneration on milk sold for manufacture differs from the lower guaranteed price, there is a profit-and-loss sharing system which applies to all milk outside the primary proportion, even if in excess of the standard quantity. On each gallon of this "extra milk," the Milk Marketing Boards are credited or debited (as the case may be) with half the difference between the lower guaranteed price and the actual price realized by the Board for all manufacturing milk. The purpose of this arrangement is to give the boards an incentive to market efficiently.

The government pays each board any deficit between its net commerical returns and its entitlement under the guarantee (after allowing for the profit-and-loss arrangements). The government subsidizes milk in two ways; first, by the general milk subsidy consisting of the payment necessary to bring the board's income up to their entitlement under the guarantee arrangements, and second, by the welfare milk subsidies, covering the supply of cheap or free milk to expectant mothers and children.

3. The Milk Marketing Boards and their functions

The five Milk Marketing Boards in the United Kingdom[3] are statutory bodies consisting mainly of producers' elected members. They were established in 1933–34, except the Board for Northern Ireland which was not established until 1955. The functions of the boards include, on the one hand, the exercise of extensive powers, provided under agricultural marketing legislation and the Milk Marketing Schemes for controlling the marketing of milk by all producers in the five areas and providing various services (e.g., transport and publicity); and, on the other hand, the implementation of the price guarantee, which is formally a guarantee to each board as the representative of its registered producers.

All registered producers of milk (except licenced producer/retailers) are required to sell their milk to or through the appropriate MMB, which in turn sells it (or

[1] In England and Wales the lower and the higher guaranteed prices have been as follows in the last 5 years, a considerable increase in the lower being agreed for 1956–57. Figures are given in pence per gallon.

	1954–55	1955–56	1956–57	1957–58	1958–59
Lower	17. 25	16. 2500	19. 500	19. 000	15. 000
Higher	41. 94	42. 2154	42. 957	43. 383	43. 086

[2] 80 percent in Scotland and Northern Ireland.

[3] Milk Marketing Board (England and Wales), Scottish MMB, Aberdeen and District MMB, North of Scotland MMB, MMB for Northern Ireland.

regulates its sale) either to distributors for liquid consumption or to manufacturers.

Each of the five MMB's is independent of the others and is authorized, subject to the provisions of its scheme and the requirements of the Agricultural Marketing Acts, to decide how its income shall be allocated to producers. The boards have no powers to restrict production directly. They can, however, exercise an indirect control over production through the way in which they distribute their income among producers (production bonuses, price penalties).

Each board pools its returns from the liquid market and the manufacturing market and pays a pool price to producers. The revenue available to each board for pooling consists of its commercial revenue and the subsidy payments made by the government to cover the deficit between the net commercial revenue and the amount due to the board under the guarantee. As stated above, a separate guaranteed price which is applicable at the point of first delivery of the milk is determined for each area. In each case the guarantee is to the board which is then responsible for determining the monthly pool prices to individual producers, after allowing for the cost of quality premiums or production bonuses, and for administration and other necessary expenses.

Pool prices are varied seasonally in each area. There are also local variations in England and Wales. In addition, the boards pay a premium for milk of tuberculin-tested standard and some boards impose a penalty for persistent deficiency in butterfat content. In some areas a production bonus was, before April 1, 1958, paid on the first quantum of output. Such price differentials are arranged by the boards at their discretion from within their guaranteed returns.

Prices of milk charged by the Boards to ex-farm buyers are subject to the approval of the appropriate Minister. The selling prices for milk used in manufacture are discussed in and determined by a "Joint Committee" composed of representatives of the relevant MMB and of buyers and manufacturers. If prices cannot be agreed upon, they are referred to an independent consultant.

Milk: Government subsidies in the United Kingdom, 1950–51 to 1957–58

Year [1]	General producer subsidy	School milk program	Welfare milk program	Total
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*
1950–51	205	23	62	290
1951–52	146	28	71	245
1952–53	102	31	83	216
1953–54	129	33	83	245
1954–55	104	34	83	221
1955–56	97	37	88	222
1956–57	60	37	96	193
1957–58	36	40	71	147

[1] April to March.

OEEC, Third Report on the Agricultural Policies in Europe and North America, Paris, October 1958, pp. 285–288, 298.

Senator George D. Aiken's Statement on Public Law 480 Agreement With India

(*Signed May 4, 1960, Congressional Record, June 14, 1960, pp. 11619–11620*)

The title I agreement negotiated last month with India involves the shipment of 17 million tons of wheat and rice to India over a 4-year period. It means nearly 600 million bushels of wheat and 22 million bags of rice. This is more than the quantity of wheat and rice the United States consumes as food annually. Stated in another way, it means that an average of more than one shipload of 11,000 tons of grain will leave the ports of the United States for the ports of India every day for the next 4 years.

The agreement means more than that, however. It is designed to help this large key country in the struggle between the free world and communism by establishing substantial food reserves.

One-quarter of the wheat and all the rice will be stockpiled in India to help meet any emergency that might arise there—be it a crop shortage or an emergency from drought, food, or other natural disaster.

Also, a large part of the rupees that will be paid to the United States for these commodities will be loaned or granted to the Government of India for economic development purposes to finance essential projects such as power development, irrigation, and industrial works.

It means large direct support to India's third 5-year plan which will begin in March 1961.

Rupees generated under previous title I transactions with India are now being used on a loan basis to expand their economy.

A typical example of this rupee use is the building of a 250,000-kilowatt-hour thermoelectric plant near Calcutta. It will be the largest of its type in India.

Currencies are also being used to help meet construction costs for the Utter Pradesh Agricultural University, a new State agricultural school patterned after U.S. land-grant colleges and universities. It is scheduled to open in July, near Rudrapur.

And Public Law 480 currencies are assisting in the eradication of malaria in India.

Currencies are also being loaned to private business firms, to expand their plants.

Loans to the Indian affiliates of the Goodyear and Firestone tire and rubber companies will give employment to about 1,500 workers. The Goodyear plant will produce about half of India's present requirements for rubber.

Another loan is helping to finance the Hindustan aluminum reduction plant. The capacity of the plant will be 20,000 tons per year which will increase India's aluminum production capacity by two-thirds.

The initial press reaction in India to the new agreement demonstrates the foreign policy aspect of title I agreements.

In the Bombay area, for example, the *Bangalore Prajavani* stated:

> Present agreement is memorable event in history of Indo-United States friendly relations.

The *Times of India* said:

> No Government has ever been more generous in dealing with an underdeveloped country than the U.S. administration in negotiating this agreement.

The *Industan* said:

> In other words, this agreement is a living example of mutual help and cooperation between the two free, democratic, and progressive nations of the world.

Tariff Preference Provisions in GATT, 1947, as Amended

(*Department of State Publication 3758, Commercial Policy Series 124, February 1950, pp. 2–3, 66–67, 73, 75–76*)

Article I. General Most-Favored-Nation Treatment

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with

respect to all rules and formalities in connection with importation and exportation, and with respect to all matters referred to in pargaraphs 2 and 4 of Article III, any advantage, favor, privilege, or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.

2. The provisions of paragraph I of this Article shall not require the elimination of any preferences in respect of import duties or charges which do not exceed the levels provided for in paragraph 4 of this Article and which fall within the following descriptions:

(*a*) Preferences in force exclusively between two or more of the territories listed in Annex A, subject to the conditions set forth therein.

(*b*) Preferences in force exclusively between two or more territories which on July 1, 1939, were connected by common sovereignty or relations of protection or suzerainty and which are listed in Annexes B, C, and D, subject to the conditions set forth therein.

(*c*) Preferences in force exclusively between the United States of America and the Republic of Cuba.

(*d*) Preferences in force exclusively between neighboring countries listed in Annexes E and F.

3. The provisions of paragraph 1 shall not apply to preferences between the countries formerly a part of the Ottoman Empire and detached from it on July 24, 1923, provided such preferences are approved under sub-paragraph 5(a) of Article XXV which shall be applied in this respect in the light of paragraph 1 of Article XXIX.

4. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article but is not specifically set forth as a maximum margin of preference in the appropriate Schedule annexed to this Agreement shall not exceed.

(*a*) In respect of duties or charges on any product described in such Schedule, the difference between the most-favored-nation and preferential rates provided for therein; if no preferential rate is provided for, the preferential rate shall for the purposes of this paragraph be taken to be that in force on April 10, 1947, and, if no most-favored-nation rate is provided for, the margin shall not exceed the difference between the most-favored-nation and preferential rates existing on April 10, 1947.

(*b*) In respect of duties or charges on any product not described in the appropriate Schedule, the difference between the most-favored-nation and preferential rates existing on April 10, 1947.

In the case of the contracting parties named in Annex G, the date of April 10, 1947, referred to in sub-paragraphs (a) and (b) of this paragraph shall be replaced by the respective dates set forth in that Annex.

Annex A: List of Territories

United Kingdom of Great Britain and Northern Ireland.
Dependent territories of the United Kingdom of Great Britain and Northern Ireland.
Canada.
Commonwealth of Australia.
Dependent territories of the Commonwealth of Australia.
New Zealand.
Dependent territories of New Zealand.
Union of South Africa including South West Africa.
Ireland.
India (as on April 10, 1947).
Newfoundland.
Southern Rhodesia.
Burma.
Ceylon.

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other contracting parties which are principal suppliers of such products at the most-favored-nation rate, substitute for such preferential rates a single preferential rate which shall not on the whole be less favorable to suppliers at the most-favored-nation rate than the preferences in force prior to such substitution.

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this Annex or to replace the preferential quantitative arrangements described in the following paragraph, shall not be deemed to constitute an increase in a margin of tariff preference.

The preferential arrangements referred to in paragraph 5(b) of Article XIV are those existing in the United Kingdom on April 10, 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon. It is the intention, without prejudice to any action taken under part I(h) of Article XX, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved.

The film hire tax in force in New Zealand on April 10, 1947, shall, for the purposes of this Agreement, be treated as a customs duty under Article I. The renters' film quota in force in New Zealand on April 10, 1947, shall, for the purposes of this Agreement, be treated as a screen quota under Article IV.

The Dominions of India and Pakistan have not been mentioned separately in the above list since they had not come into existence as such on the base date of April 10, 1947.

Annex G: Dates Establishing Maximum Margins of Preference

Australia	October 15, 1946
Canada	July 1, 1939
France	January 1, 1939
Lebano-Syrian Customs Union	November 30, 1938
Union of South Africa	July 1, 1938
Southern Rhodesia	May 1, 1941

Annex I: Interpretative Notes to Article I

The term "margin of preference" means the absolute difference between the most-favored-nation rate of duty and the preferential rate of duty for the like product, and not the proportionate relation between those rates. As examples:

(1) If the most-favored-nation rate were 36 percent ad valorem and the preferential rate were 24 percent ad valorem, the margin of preference would be 12 percent ad valorem and not one-third of the most-favored-nation rate.

(2) If the most-favored-nation rate were 36 percent ad valorem and the preferential rate were expressed as two-thirds of the most-favored-nation rate, the margin of preference would be 12 percent ad valorem.

(3) If the most-favored-nation rate were 2 francs per kilogram and the preferential rate were 1.50 francs per kilogram, the margin of preference would be 0.50 francs per kilogram.

The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to a general binding of margins of preference:

(i) the reapplication to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such classification or rate to such product was temporarily suspended or inoperative on April 10, 1947; and

(ii) the classification of a particular product under a tariff item other than that under which importations of that product were classified on April 10, 1947, in cases in which the tariff law clearly contemplates that such product may be classified under more than one tariff item.

Tariff Treatment Between Members of Commonwealth

(Foreign Trade, *Ottawa, Canada, August 30, 1958, pp. 22–23*)

A distinctive feature of the trade relations among the various members of the Commonwealth is the preferential tariff treatment on a widely varying scale that is exchanged among many members, both independent and non-self-governing. This treatment is sometimes on a contractual basis as a result of trade agreements and sometimes is a matter of individual tariff policy.

Preferential treatment was exchanged between England and her colonies as early as the 1600's. Commonwealth tariff preferences as we know them today, however, may be regarded as dating from the turn of the 20th century, when British preferences became a feature of the Canadian tariff structure. During the next decade, Australia, New Zealand, and the Union of South Africa reintroduced preference, and preferential rates later made their appearance in the tariffs of several of the non-self-governing areas. Preferences on a contractual basis were exchanged between the West Indies and Canada as early as 1912.

The following features of the tariff structure of particular Commonwealth countries are of interest, because they indicate the diversity of the preferential tariff arrangements within the Commonwealth as a whole.

United Kingdom.—Preference is accorded equally to all parts of the Commonwealth. (A minor exception provides for especially favorable duties on quotas of colonial sugar.) For most goods, admission to preference means duty-free entry. On a small number of articles, notably motor vehicles, most synthetic textile products, tobacco, and whisky, a preferential rate of duty applies. There are also a few instances of dutiable goods on which there is no preference.

A trade agreement of 1937, replacing one originally negotiated in 1932, provides the basis for the preferential tariff arrangements between Canada and the United Kingdom. These arrangements have been modified in relation to the obligaitons established between the two countries under the General Agreement on Tariffs and Trade in 1948.

Trade agreements concluded by the United Kingdom with Australia, New Zealand, the Union of South Africa, the Federation of Rhodesia and Nyasaland, India, and Pakistan each provide for specified preferences on various products. The benefits of these negotiated preferences accrue automatically to all other members of the Commonwealth.

The foregoing agreements, in most cases, contain provisions for concessions to the non-self-governing areas.

Australia accords the British preferential schedule of her tariff to the United Kingdom. Margins of preference on many products are governed by a trade agreement between the two countries concluded in 1932 and modified and supplemented in 1957.

The British preferential tariff is also extended, by separate trade agreements, to most products of Canada, New Zealand, and the Federation of Rhodesia and Nyasaland. It applies as well to specified products of Ceylon and of most of the non-self-governing areas.

The Union of South Africa, India, and Pakistan are not accorded the British preferential schedule but are granted most-favored-nation treatment.

New Zealand in general accords her British preferential schedule to the Commonwealth. Special treatment for particular items, however, is stipulated in trade agreements with Australia, Canada, and the Union of South Africa, and exemption from a surtax (22½ percent of the duty), a feature of the New Zealand system, does not extend to Canada, the Union of South Africa, India, or Pakistan. One provision of a trade agreement of 1932 with the United Kingdom insures maintenance of prescribed preference margins.

Union of South Africa.—Preferences in South Africa are accorded, by trade agreement, to many products of the United Kingdom and to a limited number of products of New Zealand, Canada, Ceylon, and the non-self-governing areas. Duty-free entry or preferential rates are provided in an agreement with the Federation of Rhodesia and Nyasaland. South-West Africa and the Protectorates of Basutoland, Bechuanaland, and Swaziland are included, for customs purposes, in the Union of South Africa.

Rhodesia and Nyasaland.—In the common tariff adopted by the Federation of Rhodesia and Nyasaland in 1955, the United Kingdom, most of the non-self-governing areas, and, in general, the Union of South Africa are granted more favorable preferential treatment than other Commonwealth countries. The other independent Commonwealth countries are accorded rates lower than most-favored-nation rates on a wide variety of goods. Canada by trade arrangement, in addition enjoys special tariff concessions on a small number of items.

Ghana, one of the newer members of the Commonwealth, is accorded tariff preferences by various other Commonwealth countries, but her own tariff structure does not contain a preferential schedule.

Ceylon.—The Ceylonese tariff provides preferences on roughly half of all dutiable goods. These are granted to all parts of the Commonwealth.

India and Pakistan.—The tariffs of these two countries do not have Commonwealth preferential schedules. Each grants tariff concessions to the other, however, and accords preferences on a limited scale to the United Kingdom and the non-self-governing areas.

Malaya.—To the extent that preferences exist in the limited tariffs of the Federation of Malaya, they are accorded to all parts of the Commonwealth.

Canada.—The British preferential schedule of the Canadian tariff is accorded, with only minor reservations, to all parts of the Commonwealth. On a good many items the margin of preference and/or the level of rates is bound by trade agreements which have been concluded with Australia, New Zealand, the Union of South Africa, the Federation of Rhodesia and Nyasaland, and the West Indies.

The West Indies.—Preferences to all other parts of the Commonwealth are provided for most dutiable items in the current tariffs of the islands comprising the Federation of the West Indies (Barbados, Jamaica, Trinidad, and the Windward and Leeward Islands). As already noted, the exchange of preferences between the West Indies and Canada has been based on a trade agreement since 1912. The agreement currently in effect was concluded in 1925.

Non-Self-Governing Territories.—Preferences available to all parts of the Commonwealth are provided in a good many of the 33 separate customs areas which comprise the non-self-governing territories. They are most numerous in the tariffs of Cyprus, Malta, Bermuda, the Bahamas, British Honduras, and British Guiana, and least numerous in the limited tariffs of Singapore, Hong Kong, Gibraltar, and the Falkland Islands, where they are confined to tobacco and alcoholic beverages. Preferences are precluded by international treaty in British East Africa (Kenya, Uganda, Tanganyika, and Zanzibar), and in the British West African territories of Nigeria and the Cameroons. There are no preferences in Aden, the Maldive Islands, Papua and New Guinea.

The Scope of Tariff Preferences.—Except in a very few instances, there has been no effort toward uniformity in the margins of preference either on goods entering particular markets or on any particular products entering all preferential markets. The conditions on which preference is granted also vary considerably and a product which qualifies for preference in one area will not necessarily qualify in another.

Where preferences are on a contractual basis, they may be expressed in terms of the actual margin of preference to be granted (e.g., $2 per ton or 10 percent ad valorem) or as a proportion of the rate on non-Commonwealth

products (e.g., a preference of one-third). In either case, and provided other factors are not involved, the country granting the preference is free to alter the effective rates of duty. In some Commonwealth trade agreements, however, the actual rates of duty are bound and can only be altered by renegotiation.

A number of trade agreements concluded with non-Commonwealth countries provide, in effect, that preferences will not be increased. Notable among these is the General Agreement on Tariffs and Trade (GATT), to which all independent members of the Commonwealth are parties and whose membership includes all the major trading nations. A feature of this agreement affecting Commonwealth tariff relations is the "no-new-preference" rule. In fact, through GATT tariff negotiations a number of preferences have been reduced or eliminated in the course of securing reductions in the tariff barriers maintained by non-Commonwealth countries against Canada and other members of the Commonwealth.

Position of U.K. Government Regarding Entry Into Common Market

(*Major points in speech to representatives of EEC countries by Mr. Edward Heath, Paris, Oct. 10, 1961,* The Times, *London, Nov. 28, 1961*)

The Treaty of Rome: Her Majesty's Government are ready to subscribe fully to the aims which you have set yourself. In particular, we accept without qualification the objectives laid down in Articles 2 and 3 of the Treaty of Rome, including the elimination of internal tariffs, a common customs tariff, a common commercial policy and a common agricultural policy. We are ready to accept, and to play our full part in, the institutions established under Article 4 and other Articles of the Treaty.

So far as we can judge at this stage, we see no need for any amendments of the text of the Treaty, except of course in those Articles where adaptations are plainly required consequent on the admission of a new member. We think it should be possible to deal with our special problems by means of protocols. This would be very much in line with the procedure adopted for dealing with the special problems of the original signatories when the Treaty was drafted.

The Common Tarriff.—We are therefore ready—and I think this simple solution may be agreeable to all of you—to accept the structure of the present EEC tariff as the basis of the common tariff of the enlarged Community. In these circumstances we think that the necessary lowering of tariff levels might be achieved by making a linear cut in the common tariff as it stands today. We would suggest that this might be of the order of 20 percent, a figure which the Community has considered in another context. No doubt both you and we would wish to single out some items for special treatment. I can assure you that our own list will not be long.

We are also ready, once we enter the Community, to make, in a single operation, the same cuts in tariffs on trade between member states as you will have yourself made by that date. In addition, we are prepared to move our MFN (most favored nation) tariffs toward the new common tariff by a step equivalent to that which you have already taken. This would be a considerable leap forward; but it is one which we are ready to make in the interests of the Community as a whole.

Other Communities.—As regards the European Coal and Steel Community and Euratom, we shall be prepared, as I told the House of Commons during the debate of August 3, to enter into negotiations with you, at the appropriate moment, with a view to joining these two communities when we join the EEC.

Association.—We should like to see the less-developed members of the Commonwealth and our dependent territories given the opportunity, if they so wish, to enter into association with the Community on the same terms as those which will in future be available to the present associated oversea countries and territories. This is something we shall need to discuss and we know that you are already at work on a review of the present arrangements for association.

Commonwealth Foodstuffs.—The precise form of the special arrangements needed to protect the vital interests of Commonwealth countries in this field will need careful consideration. To a large extent it must depend on the way in which the common agricultural policy is developed.

We want to work jointly with you in examining these problems and their relation to the common agricultural policy. We shall no doubt have to consider a whole range of possibilities, including duty-free, levy-free, or preferential quotas, market sharing agreements, and long-term contracts; but we are satisfied that, if you are prepared to accept the basic principle of comparable outlets (outlets for produce comparable to those now enjoyed) which I have put forward, then agreement on the detailed arrangements required should be possible.

British Agriculture.—The method of support which characterizes our present system is very different from the method to which you are accustomed. It has been developed to meet our particular situation, and it is one in which our farmers have come to place great faith. They value especially the stability it secures, the sound basis it provides for planning ahead, and the fact that the system of annual reviews ensures that changes are made gradually and with due regard to their effects on the level of farming incomes.

I need not emphasize the advantages which the consumer enjoys under our system and which in turn helps the producer, since lower food prices encourage demand.

In moving toward your method of support we should have to introduce great changes affecting both producers and consumers.

. . . As we understand it, the Treaty envisages a leveling up of standards and not leveling down. Our purpose in our discussions with you will be to gear what has already been achieved for our own farmers into the general aims and framework of the Treaty. I would hope that, in harmony with the Treaty provisions, we could establish with you arrangements which will enable us to assure our farmers that the development of the common agricultural policy will effectively protect their standard of living.

Horticulture.—We shall . . . need to devise, in consultation with you, arrangements for the different horticultural products which will enable the United Kingdom Government to continue to implement its pledges to horticulture.

European Free Trade Association: We hope to see an enlarged Community, including ourselves and as many of our EFTA partners as may wish to become full members. As to the remainder of the EFTA countries, we should like to see an association between each of them and the enlarged community.

Problem of Fluctuating Commodity Prices

(*Selections from record of United Nations Commission on International Commodity Trade, Ninth Session, E/CN.13/121-4, New York, Aug. 30, 1961*)

Mr. Dudley (United Kingdom) recalled that no country depended more than did his own on external trade. The United Kingdom was therefore particularly well placed to understand the problems of other countries which depended on international trade. It had demonstrated the positive and flexible nature of its approach to commodity problems, and to the problems of countries which relied on earnings from commodities to finance their development.

In the opinion of the United Kingdom, an effort should be made to smooth out short-term fluctuations in prices, which should be distinguished from longer term movements in prices which reflected continuity imbalances of supply and demand. Thus, when the volume of production threatened to exceed demand, as had been the case for several years, international arrangements for stabilization might well make the problem worse. Care must be taken not to make the patterns of trade too rigid or to stabilize prices at an artificially high level. That would encourage recourse to substitutes, as had been pointed out by the representative of GATT. Hence, before stabilization agreements were prepared, the particular problems arising from international trade in the commodity in question should be carefully considered. Stabilization agreements could not, moreover, give satisfactory results in the long run unless the interests of consumers had been adequately considered.

Mr. Rankin (Canada) observed that Canada was the world's fourth largest trading nation in absolute terms and the first on a per capita basis, and that 20 percent of its gross national product derived from its position as an international trading nation. Although Canada was usually considered an industrialized country, 13 of the first 15 items in its international trade were primary commodities and accounted for 70 to 75 percent of its total exports. Canada was also a large importer of primary commodities and therefore sympathized with the problems of the primary producing countries, whose welfare was interlinked with its own. Canada's interest in the problems of international commodity trade was evidenced by its participation as a producer and a consumer in several international commodity agreements.

Canada also supported the case-by-case approach to the study of commodity problems. The fact that the market position of a particular commodity could alter quite suddenly was illustrated by the recently announced agreement between his own Government and that of the People's Republic of China for the sale to the latter of a large quantity of grains. That contract provided for the sale of 6 million long tons of barley, wheat, and flour over a 3-year period, for a total price of $362 million. The conclusion of that agreement meant that his Government's total sales of grain to the People's Republic of China over the last 3 years would amount to $425 million. Similar reductions of national surpluses would always have the effect of strengthening the market for a particular commodity. He believed that there were good prospects for growth in the various commodity markets and that such a development would provide a solution to many of the problems with which the Commission was concerned.

Mr. White (New Zealand) said that his country enjoyed an intermediate position among the trading countries of the world, for while it was not a developed country in the sense in which the term was frequently used with reference to industralized countries, neither was it underdeveloped, since it did not have a low standard of living. New Zealand was a "developing" country, which shared the aspirations of the less-developed countries for a greater measure of industralization and diversification, and shared the problems of a large number of other States Members of the United Nations, the prices of whose products were subject to marked fluctuations and whose exports represented a large proportion of their national income. New Zealand felt the impact of instability in international commodity trade with the same intensity as the less-developed countries.

His country was interested in principle in all commodity agreements. Believing that cooperation between producers and consumers helped to solve the problems involved, it had joined in study groups and commodity agreements whenever it had any significant interest in the commodities concerned, so far more often as a consumer than as a producer. It felt that the "commodity-by-commodity" approach would best insure progress, but did not rule out the possibility of developing broader measures to bring stability into the international commodity trade. The Commission must undoubtedly explore further the basis of such trade and try to understand better the reasons for the continuing deterioration in the terms of trade which had had such a serious impact on all primary producing countries, and particularly on those which were struggling to raise their standard of living and level of economic activity.

The Councils of GATT and FAO had already isolated some of the factors responsible for the "imbalance" which the Commission had dealt with in the report of its eighth session. There appeared to be certain obvious first steps. Some way would have to be found to modify the policies of agricultural protectionism and to mitigate the effects of support policies in individual countries. Transitional measures would perhaps have to be taken to safeguard the legitimate interests of those directly affected by the change. As a rule, his country's problem was not to sell what it produced—although the prices at which it sold were sometimes unsatisfactory—but rather to expand its markets.

In addition to agricultural protectionism, a further structural barrier, that of regional trade groupings, had been raised in recent years. Groupings of that kind had a purpose and a value, but it was necessary to insure that procedures introduced did not create additional difficulties in the way of attainment of stability in the international commodity trade.

His delegation was convinced that item 7 (Consideration of compensatory financial measures) was the most important one on the Commission's agenda for the present year. His delegation endorsed the view, expressed in the report that compensatory financing offered only a partial solution to the problems created by the instability in commodity trade. Even in order to achieve that partial solution, facilities additional to those at present available would be required. Accordingly, his delegation felt that considerable further study should be given to the proposals for some form of insurance to meet short-term fluctuations.

Professor Brown's report (E/CN.13/L.68), which concerned agenda item 8 (study of the impact of fluctuations in economic activity in industrial countries) was, in the opinion of the New Zealand delegation, a masterly economic study. The New Zealand delegation also believed that that report had some important practical applications which should be borne in mind by the Commission in its deliberations. Fluctuations in the level of stocks of primary commodities had been an important factor in postwar recessions. Variations in supply constituted the principal determinant in individual primary commodity price fluctuations. For that reason, the commodity-by-commodity approach, which had already been adopted by FAO, and the possible establishment of buffer stocks to smooth out short-term fluctuations in prices should be given serious consideration. One of the main conclusions of the report was that fluctuations in industrial activity had greater repercussions on aggregate real incomes of commodity producing countries than on those of the industrial countries. New Zealand's own experience confirmed those points. The conclusion might therefore be drawn that the industrial countries, in planning economic measures to combat fluctuations within their own borders, should consider the effect of such measures on primary producing countries, particularly those which depended on exports of primary products for their development. It was interesting to recall in that regard that FAO was now trying to establish a set of principles for agricultural price stabilization and support policies. If those principles were adopted, they could help to redress the imbalance between primary producing and industrial countries.

Mr. Bhadkamkar (India) said that his delegation was deeply interested in the general aspects of the problem. He would invite the Commission to note the very peculiar position of India, which was not only a large exporter of primary products but also an importer of certain commodities, including cereals and nonferrous metals. In view of this, although it might be thought that India would benefit from a short-term or long-term fall in prices, that was not so. Since the value, unitwise, of the nonferrous metals was only one-fourth of that of tea, for instance, the benefit to India of a fall in prices was more than offset by its loss of export earnings.

Turning to the conclusions and recommendations of the group of experts (E/CN.13/40, chapter 8), he pointed out that the deterioration in the terms of trade had been very serious and steady during the past 50 years; if the value, relative to manufactures of primary commodities in total world trade, had remained unchanged during that period, the benefit to the producing countries would have been almost equivalent to the major part of the amount needed to finance their economic development. He agreed with the experts' findings that the ability of the producing countries to compensate themselves from their own resources was limited. It was therefore crucial for the industrially developed countries to help in solving the problem, since it was in a sense useless for them to give the less developed countries assistance which was then lost through other causes.

Mr. Ali (Pakistan) said that the problems involved arose from a fall in the prices of primary commodities simultaneously with a rise in the prices of manufactured goods. As a result, the primary producing countries, in trying to develop and diversify their economies, were faced with the problem that their own production which had to finance their development, was daily falling in purchasing power. Since 1951, for example, the export earnings of Pakistan had decreased by 49 percent.

The only solution was for the more developed countries to contribute to making up the loss, and it had been suggested that, in preference to instituting new measures, the developing countries should ask for more economic aid. Nations, however, like individuals, preferred so far as possible to support themselves and to be paid for what they produced. In the present situation, the products of the developing countries were commanding a smaller and smaller return, not by a trick of fate but through the advance of technology, which had produced substitutes that were more reliable, not dependent on weather and nearer at hand. The problems were not exclusively economic, and a solution could not be left to the normal laws of supply and demand. From the moral aspect, it was quite unacceptable that the living standards of more than half the world should be declining while other countries enjoyed higher standards year by year. The ultimate economic argument was that no country could live by itself, and the industrial countries, which perhaps could find sufficient markets today, might one day need other outlets. Unless therefore the developing countries had adequate purchasing capacity, they would be merely a drag on the world economy.

Mr. Edward (Ceylon) said that his country was one of the major producers of tea, rubber, and coconuts, and its economy was largely dependent upon those three commodities. It therefore took particular interest in stabilization measures to minimize fluctuations in the primary commodity trade. The steady improvement in Ceylon's national income had been offset by a rapidly increasing population, which had kept its per capita income at a constant level since 1946.

Under the colonial regime, Ceylon had developed a very prosperous export industry in these commodities, and as a result its per capita income had been one of the highest in Asia. Its level of wages compared very favorably with that of neighboring countries, and its standard of social services, the expenditure on which had kept pace with its growing population, was high. In order to maintain the level of its welfare services and at the same time to bring about an improvement in capital development, for which it had not been able to find adequate resources, his country considered it necessary that stable prices for its three principal commodities should be maintained. Unfortunately, however, the prices of those commodities had been subject to violent fluctuations resulting from a disequilibrium in supply and demand, and his Government had had to draw increasingly on its exchange reserves.

While it was difficult to change the pattern of its economy, which from colonial times had been built on a few agricultural commodities, it was doing its best to promote diversification. The process nevertheless required time and capital, and in the meanwhile it was necessary to ensure that the prices of the few commodities which were the lifeblood of its economy were stabilized.

Ceylon's export price index had dropped by 14.6 percent from 1959 to 1960, mainly because of lower prices for tea, copra, and coconut products. The fact that during the same period its import price index had declined by only 0.8 percent showed that the terms of trade had turned against Ceylon. That situation was a serious threat to his country.

The need for rapid industrialization of the less-developed countries was best illustrated by the fact that at present the average per capita income in those countries was a little over $100 and the estimated annual rate of increase in their total national income, which was largely nullified by their large population growth, was 3 percent. For 1¼ billion people in the underdeveloped countries, the gain in per capita income over a period of 10 years had been estimated at about $10, while over a period of 7 years the corresponding increase in the United States had been $225, and in the European Economic Community over $200. Those figures emphasized the seriousness of the situation in the underdeveloped countries and the importance of insuring stability in the prices of their basic commodities. Since only a higher rate of economic growth could bring about an improvement, the industrialized countries must be urged to provide for a substantial capital flow into the less-developed regions—through a compensatory insurance fund or an increase in direct financial assistance, or by formal or informal commodity agreements—in order to stimulate their economic growth. Such action would not only help the underdeveloped countries: it would also enable the developed countries to benefit from the more active world economy that would result.

The dependence of a large number of underdeveloped countries on a few primary commodities made them vulnerable to fluctuations in the prices of those commodities, particularly as a result of booms and recessions in the industrialized countries. It was regrettable that even during periods of prosperity in the industrialized countries there had always been a lag in the world demand for most primary commodities. The gap between demand in industrialized countries and supply in the primary producing countries had remained a central feature of world trade and was seriously affecting the rate of economic development in the less developed countries.

It was Ceylon's hope and belief that the time had come for the United Nations to take more positive and concerted action to stabilize price fluctuations. . . .

Any measure which would help to stabilize primary commodity prices and lessen the strain on the foreign exchange reserves of the primary producing countries and would at the same time assist those countries in diversifying their economies was deserving of its sympathy and support.

Mr. Lew (Federation of Malaya) said that the Federation of Malaya was essentially a primary producing country, and, like many other countries, its prosperity, economic well-being, and progress were closely tied to the fortunes of the main commodities it produced and ex-

ported. Malaya was the world's largest producer of rubber and tin, which were the two mainstays of its economy, and the production, consumption, and distribution of those two commodities directly affected its economic and social development. Its export earnings depended to a large extent upon the prices of rubber and tin in world markets, which in turn were very sensitive to changes in demand for those products in the industrialized countries.

His country, with a population of about 7 million, had a per capita income and a per capita rate of currency in circulation which were considered to be the highest in Asia. In addition, it had a very small external debt and a continuing favorable balance of payments, but despite all those advantages, it still had serious problems to face. Its population was growing at the rate of about 3.3 percent per annum, which was perhaps the highest rate in the world, and nearly 60 percent of its inhabitants were under 21 years of age.

Like many other underdeveloped countries, the Federation of Malaya was tackling the problem of achieving an adequate rate of economic growth to meet the needs of its growing population and depended upon the exports of its primary commodities to finance a steady and sustained programme of economic development. The achievement of a reasonable degree of stability insofar as the production, consumption, and prices of and trade in its major export commodities were concerned was therefore a matter of the utmost concern.

The Federation of Malaya had frequently drawn attention to the severe economic strains caused by wide fluctuations in the prices of primary commodities and the importance of achieving greater stability in that regard, and it believed that the world's producing and consuming countries must fully cooperate in the search for practical solutions to the problems of commodity trade. For that reason, it favored multilateral arrangements between producers and consumers. Its participation in the International Tin Agreement, 1953, and the part it had played in drafting the Second International Tin Agreement were ample evidence of its support for the principle of international commodity price stabilization. In the case of rubber, an extensive study on the causes of fluctuations in the prices of natural rubber had been initiated by his country and had been presented at the 14th meeting of the International Rubber Study Group which had been held at Hamburg in 1959.

His country was not unmindful of the many complexities that would be involved in working out a formula for the achievement of greater stability in the prices of natural rubber which would be acceptable to at least the great majority of the producing and consuming countries. His delegation's main interest in commodity agreements did not preclude an interest in other techniques for coping with problems arising from imbalance between supply and demand.

His delegation was convinced of the importance and usefulness of the commodity-by-commodity approach to the problem of international commodity trade in view of the special characteristics and patterns of each commodity market. In that connection, it welcomed the statement by President Kennedy of the United States to the effect that that country was ready to cooperate in a serious case-by-case examination of commodity market problems and also the statement by the representative of the United States that his Government was willing to examine any reasonable proposal ranging from informal consultation to more formal multilateral types of agreement. The fact that the United States, which was the largest single buyer of his own country's rubber and tin, had shown such an enlightened attitude toward commodity market problems was a source of gratification to his country, and it was to be hoped that the U.S. Government would in the future take a more positive approach towards international commodity agreements.

There had been a steady decline in the purchasing power of a unit of primary commodity moving in international trade. That trend seemed to indicate that the export earnings of the industrialized countries were growing at a faster rate than those of the primary producing countries or, in other words, that the rich were getting richer and the poor were getting poorer. Although the trend was a gradual one, it was a potential source of discontent and chaos for the world at large, and a solution must be found in order to halt, if not to reverse, it.

His delegation felt that one solution to the problem lay in the acceptance by all countries of the fact that stable commodity prices were an international obligation. The industrialized countries of the West must realize that the primary producing countries needed their cooperation in the form of increased trade as well as of aid. The consultation procedures of GATT in seeking solutions to the specific problems arising in certain commodity markets was a very good example of international cooperation. Moreover, as major consumers of raw materials, the industrialized countries must be prepared to participate actively in commodity agreements designed to achieve stability of prices. Clearly, every commodity and every commodity agreement must be examined on its own merits. If such schemes were to succeed, prices must be fair and acceptable not only to producers but also to consumers, and should not be fixed at so high a level that they encouraged the development and use of substitutes. The more the industrialized countries realize the need for international commodity agreements to level out the short-term price fluctuations, the nearer would be the goal of achieving greater stability in commodity markets. From its own experience with such agreements, the Federation of Malaya considered that one of the greatest difficulties was to convince the major consuming countries of the importance of actively participating in those international commodity price stabilization schemes which had been proved to be practical.

Agreements With Germany

An AUSTRALIA-WEST GERMANY agreement signed in Canberra October 16, 1959, specifies annual minimum German import quotas for Australian agricultural products. First-year quotas retroactive to July 1, 1959, were established as follows:

	Metric tons
Wheat (f.a.q.)	100, 000
Wheat (quality)	50, 000
Coarse grains for fodder and industrial use (including malting barley)	[1] 250, 000
Beef, frozen	6, 500
Mutton and lamb, frozen	250
	D.M.
Meats, canned	750, 000
Fruit, canned tropical	1, 500, 000
Fruit, preserved in sugar	100, 000
	Hectoliters
Wine, red and dessert	4, 500

[1] The published agreement did not give the breakdown for coarse grains. Australia in 1958–59 exported to Germany 169,000 short tons of oats and 112,000 short tons of barley.

In addition, the German Government agreed that Australia would be included in all global tenders, and if country quotas were established, given a fair share of the German market to Australian butter, cheddar cheese, nonhardened casein, nonfat dry milk, dry whole milk, fresh apples and pears, canned fruit, and jam. "An adequate share of German imports" was promised Australian butter, dry skim milk, fresh apples and pears, canned fruit and jam.

A New Zealand-West Germany agreement negotiated at Bonn in April 1959 provides for annual minimum German quotas for New Zealand products. Those specified for the period April 1, 1959–March 31, 1960 were:

	Metric tons
Beef, frozen	6,500.
Lamb and mutton, frozen	250.
Meats, canned	250.
	D.M.
Meat extract	1, 000, 000.
Bloodmeal and dried blood, for use as animal feed	600, 000.
Butter	Not specified.[1]
Cheese, cheddar	No limit within global quota.
Honey	Do.
Milk, dry whole	Not specified.[1]
Milk, dry skim	Do.[1]
	Metric tons
Buttermilk	750.
	D.M.
Apples and pears, fresh	3, 500, 000.
Clover and grass seed	1, 000, 000.
Vegetables, canned and frozen	500, 000.

[1] No fixed quotas, but New Zealand is granted the right to compete whenever the German Government decides to import.

During the negotiations it was agreed with respect to cheddar cheese and honey that these commodities would enter Germany without restriction within their global quotas under the system of licensing then in operation. However, if Germany withdrew the global licensing system and established allocated quotas for individual countries, New Zealand would be accorded a cheddar cheese quota of 2,100,000 D.M. and a honey quota of 500,000 D.M.

U.S. GOVERNMENT PRINTING OFFICE: 1962